

**BULLITT COUNTY SCHOOL DISTRICT**  
**BASIC FINANCIAL STATEMENTS,**  
**SUPPLEMENTARY INFORMATION,**  
**AND INDEPENDENT AUDITOR'S REPORTS**

Year Ended June 30, 2017

**BULLITT COUNTY SCHOOL DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Bullitt County School District  
Shepherdsville, Kentucky

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bullitt County School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor, considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As discussed in Note 1 to the financial statements, during the year ended June 30, 2017, the District adopted Governmental Accounting Standards Board Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement 77, *Tax Abatement Disclosures*, Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, Statement 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement 14*, and Statement 81, *Irrevocable Split-Interest Agreements*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 10, budgetary comparison information on pages 46 to 47, schedule of proportionate share of the net pension liability on pages 48 to 49 and schedule of contributions on pages 50 to 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bullitt County School District's basic financial statements. The combining financial statements, school schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements, school schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2017, on our consideration of Bullitt County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bullitt County School District's internal control over financial reporting and compliance.

*Stiles, Carter & Associates*

Certified Public Accountants  
Elizabethtown, Kentucky  
November 9, 2017

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BULLITT COUNTY SCHOOL DISTRICT – SHEPHERDSVILLE, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2017**

The discussion and analysis of Bullitt County School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to review the School District’s financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the School District’s financial performance.

**FINANCIAL HIGHLIGHTS**

- The ending cash balance for the District was \$23.3 million. The most significant cash balance was for the General Fund of \$17.5 million. The General Fund had \$17.6 million in cash at June 30, 2016.
- The General Fund had \$103.8 million in revenue, which primarily consisted of the state program (SEEK), state on-behalf payments, property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were \$104.7 million in General Fund expenditures.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District refunded the 2008 and 2008B bond issues and paid \$610,779 to partially defease \$575,000 of the 2015 bond issue.

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Capital assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 11 - 12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary. The only fiduciary funds are agency funds for student education. The only proprietary fund is our food service fund. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 - 20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 45 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$67.4 million at June 30, 2017.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, equipment and construction in progress), less any related debt used to acquire those assets that is outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Net Position for the periods ending June 30, 2017 and 2016**  
**(Table 1)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 24,295,739	\$ 36,205,483	\$ 1,298,929	\$ 1,240,141	\$ 25,594,668	\$ 37,445,624
Capital Assets	<u>227,180,034</u>	<u>221,570,426</u>	<u>1,754,420</u>	<u>1,555,627</u>	<u>228,934,454</u>	<u>223,126,053</u>
Total Assets	<u>251,475,773</u>	<u>257,775,909</u>	<u>3,053,349</u>	<u>2,795,768</u>	<u>254,529,122</u>	<u>260,571,677</u>
Deferred Outflows	<u>10,032,567</u>	<u>7,098,727</u>	<u>1,102,190</u>	<u>676,787</u>	<u>11,134,757</u>	<u>7,775,514</u>
Long-term Debt	180,909,007	185,670,371	4,652,443	4,088,530	185,561,450	189,758,901
Other Liabilities	<u>12,688,407</u>	<u>13,693,393</u>	<u>18,649</u>	<u>5,087</u>	<u>12,707,056</u>	<u>13,698,480</u>
Total Liabilities	<u>193,597,414</u>	<u>199,363,764</u>	<u>4,671,092</u>	<u>4,093,617</u>	<u>198,268,506</u>	<u>203,457,381</u>
Deferred Inflows	<u>-</u>	<u>1,179,845</u>	<u>-</u>	<u>201,955</u>	<u>-</u>	<u>1,381,800</u>
<b>Net Position</b>						
Net investment in capital assets	69,596,460	56,073,819	1,754,420	1,555,627	71,350,880	57,629,446
Restricted	4,383,532	13,511,495	-	-	4,383,532	13,511,495
Unrestricted	<u>(6,069,066)</u>	<u>(5,254,287)</u>	<u>(2,269,973)</u>	<u>(2,378,644)</u>	<u>(8,339,039)</u>	<u>(7,632,931)</u>
<b>Total Net Position</b>	<u>\$ 67,910,926</u>	<u>\$ 64,331,027</u>	<u>\$ (515,553)</u>	<u>\$ (823,017)</u>	<u>\$ 67,395,373</u>	<u>\$ 63,508,010</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

The District put into service \$16.2 million in capital assets. The District issued the 2017 bonds.

**Comments on Budget Comparisons**

- The District's total governmental revenues for the fiscal year ended June 30, 2017, net of interfund transfers were \$129.7 million.
- General fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$4.2 million more than budget or approximately 4.2%.
- The total cost of all governmental programs and services was \$140.8 million including debt service.
- General fund budget expenditures to actual varied significantly in Other expenses. This resulted from not having to spend budgeted contingency funds.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2017 and 2016.

(Table 2)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>REVENUES:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 161,072	\$ 208,457	\$ 1,771,395	\$ 1,722,442	\$ 1,932,467	\$ 1,930,899
Operating grants and contributions	66,204,327	46,674,077	4,901,191	4,787,981	71,105,518	51,462,058
Capital grants	4,929,519	4,416,409	-	-	4,929,519	4,416,409
<b>General revenues:</b>						
Property taxes	37,141,948	36,037,519	-	-	37,141,948	36,037,519
Motor vehicle taxes	2,689,108	2,596,478	-	-	2,689,108	2,596,478
Utility taxes	4,498,436	4,437,950	-	-	4,498,436	4,437,950
Distilled spirits tax	1,619,687	1,508,035	-	-	1,619,687	1,508,035
Unmined minerals tax	6,571	6,094	-	-	6,571	6,094
Investment earnings	84,133	95,569	2,786	2,773	9,357	98,342
State and formula grants	46,116,628	45,330,145	-	-	84,133	45,330,145
Miscellaneous	686,523	449,827	-	-	46,116,628	449,827
<b>Total revenues</b>	<b>164,137,952</b>	<b>141,760,560</b>	<b>6,675,372</b>	<b>6,513,196</b>	<b>170,133,372</b>	<b>148,273,756</b>
<b>EXPENSES</b>						
<b>Program Activities</b>						
Instruction	108,831,858	89,193,607	-	-	108,831,858	89,193,607
Student support	4,011,624	3,846,853	-	-	4,011,624	3,846,853
Instructional staff support	7,915,790	7,319,395	-	-	7,915,790	7,319,395
District administrative support	1,344,413	1,624,522	-	-	1,344,413	1,624,522
School administrative support	8,024,508	8,347,893	-	-	8,024,508	8,347,893
Business support	1,977,073	2,189,070	-	-	1,977,073	2,189,070
Plant operation and maintenance	14,527,672	13,216,433	-	-	14,527,672	13,216,433
Student transportation	7,265,892	8,366,375	-	-	7,265,892	8,366,375
Community service activities	738,666	749,964	-	-	738,666	749,964
Other	124,239	188,922	-	-	124,239	188,922
Interest costs	5,555,968	5,937,820	-	-	5,555,968	5,937,820
<b>Business-type Activities:</b>						
Food service	-	-	6,608,258	7,520,963	6,608,258	7,520,963
<b>Total expenses</b>	<b>160,317,703</b>	<b>140,980,854</b>	<b>6,608,258</b>	<b>7,520,963</b>	<b>166,925,961</b>	<b>148,501,817</b>
<b>Change in net position before transfers and special items</b>	<b>3,820,249</b>	<b>779,706</b>	<b>67,114</b>	<b>(1,007,767)</b>	<b>3,207,411</b>	<b>(228,061)</b>
<b>Transfers</b>	<b>(240,350)</b>	<b>289,337</b>	<b>240,350</b>	<b>(289,337)</b>	<b>-</b>	<b>-</b>
<b>Special item - sale of land and building</b>	<b>-</b>	<b>510,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>510,962</b>
<b>Change in net position</b>	<b>\$ 3,579,899</b>	<b>\$ 1,580,005</b>	<b>\$ 307,464</b>	<b>\$ (1,297,104)</b>	<b>\$ 3,207,411</b>	<b>\$ 282,901</b>

## Governmental Activities

Instruction comprises 68% of governmental program expenses. Support services expenses make up 28% of government expenses. The remaining expense for community services, interest and other items accounts for the remaining 4% of total government expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

<b>(Table 3)</b>				
<b>Governmental Activities</b>				
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 108,831,858	\$ 89,193,607	\$ 50,832,344	\$ 50,430,446
Support Services	45,066,972	44,910,541	37,438,937	37,530,497
Community services	738,666	749,964	816	10,635
Other	124,239	188,922	124,239	188,922
Facilities acquisition and construction	-	-	(4,255,980)	(3,831,896)
Interest costs	5,555,968	5,937,820	4,882,429	5,353,307
<b>Total Expenses</b>	<u><u>\$ 160,317,703</u></u>	<u><u>\$ 140,980,854</u></u>	<u><u>\$ 89,022,785</u></u>	<u><u>\$ 89,681,911</u></u>

### **Business-Type Activities**

The business-type activities include the food service operation. This program had total revenues of \$6.7 million and expenses of \$6.6 million for fiscal year 2017. Of the revenues, \$1.8 million was charges for services, \$4.9 million was from State and Federal grants and \$2,786 was from investment earnings. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

### **The School District's Funds**

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$164.3 million and expenditures and other financing uses of \$174.9 million. Net changes in fund balances for the year were most significant in the Construction Fund.

### **General Fund-Budget Highlights**

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

For the General Fund, revenues were budgeted at \$99.6 million with actual amounts of \$103.8 million. Budgeted expenditures of \$112.8 million compare with actual expenditures of \$104.7 million.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2017 the School District had \$228.9 million invested in land, buildings and equipment, and \$227.2 million in governmental activities. Table 4 shows fiscal year 2017 and 2016 balances.

**(Table 4)**  
**Capital Assets at June 30, 2017 and 2016**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land and land improvements	\$ 7,286,405	\$ 6,138,426	\$ -	\$ -	\$ 7,286,405	\$ 6,138,426
Buildings and improvements	190,417,443	196,615,140	-	-	190,417,443	196,615,140
Technology	3,707,653	2,930,230	3,301	3,990	3,710,954	2,934,220
Vehicles	3,246,754	3,084,906	-	-	3,246,754	3,084,906
General equipment	991,323	1,006,864	1,751,119	1,551,637	2,742,442	2,558,501
Total	205,649,578	209,775,566	1,754,420	1,555,627	207,403,998	211,331,193
Construction in progress	21,560,456	11,794,860	-	-	21,560,456	11,794,860
Total	<u>\$ 227,210,034</u>	<u>\$ 221,570,426</u>	<u>\$ 1,754,420</u>	<u>\$ 1,555,627</u>	<u>\$ 228,964,454</u>	<u>\$ 223,126,053</u>

Table 5 shows changes in capital assets for the years ended June 30, 2017 and 2016.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Beginning balance	\$ 221,570,426	\$ 213,861,186	\$ 1,555,627	\$ 1,809,793	\$ 223,126,053	\$ 215,670,979
Additions	15,765,653	15,014,501	523,877	37,502	16,289,530	15,052,003
Retirements	(2,031,169)	(525,196)	-	(2,034)	(2,031,169)	(527,230)
Depreciation	(8,124,876)	(6,780,065)	(325,084)	(289,634)	(8,449,960)	(7,069,699)
Ending balance	<u>\$ 227,180,034</u>	<u>\$ 221,570,426</u>	<u>\$ 1,754,420</u>	<u>\$ 1,555,627</u>	<u>\$ 228,934,454</u>	<u>\$ 223,126,053</u>

### Debt

At June 30, 2017, the School District had \$159.7 million in bonds outstanding, of this amount \$8 million is to be paid from the KSFCC funding provided by the State of Kentucky. A total of \$8.5 million is due within one year. The District issued the 2017 series bonds and defeased \$575,000 of the 2015 series bonds.

## **District Challenges for the Future**

The national and state economy is likely to be the most serious challenge facing this school district over the coming years. With the looming pension crisis in Kentucky, the district could face a substantial impact not only with pension funding but a significant impact in recruiting and employee retention if the pension issue is not addressed appropriately. The district is also facing new leadership in key roles including a new finance director and the search for a new superintendent. Great strides have been made in the instructional program, mostly through reallocation of existing resources. The expansion of the instructional coaching positions has been extremely beneficial to improving instructional performance and student learning. The expansion of our technological infrastructure using our very robust fiber-optic network is paying great dividends for our instructional program, but requires funds to operate and refine.

The current state budget did not alleviate our struggles entirely. Funding in flexible focus funds (Extended School Services, Professional Development, Pre-School, Safe Schools, and Textbooks) continue to decline. With the continuation of unfunded mandates being passed to school districts from the state, including Kentucky Teachers' Retirement System and County Employee Retirement System, employer contribution requirements increase and district payments for accounting and attendance software, very painful choices will need to be made at the very time that our efforts to increase student achievement are beginning to come to fruition.

Two elementary school renovation projects were completed. Currently, one middle school is being renovated. These projects are important to improving the learning environment for our students and will have the effect of saving a significant amount of resources through energy conservation efforts. While this significantly reduces our bonding potential, we are moving forward and continuing to update our facilities. We continuously search for refunding of outstanding bond issues to save money and allow for continued improvements of the school facilities in our district.

Bullitt County Schools' vision is to become the leader in educational excellence in the state. This vision remains, though there are many financial barriers to overcome in order to make that vision a reality.

## **Future Budgetary Implications**

In Kentucky, the public schools fiscal year is July 1 through June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for the FY 2017-18 year with more than a 2% contingency. Significant Board action that influences the finances includes pay increases for all employees, additional spending for facility repairs outside of bonded building and renovation projects, and continued funding of Board initiatives.

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any question about this report or need additional information contact Lisa Lewis, Finance Director, 1040 Highway 44 East, Shepherdsville, Kentucky 40165, (502) 869-8000.

## **BASIC FINANCIAL STATEMENTS**

**BULLITT COUNTY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

June 30, 2017

<b>Assets</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 22,171,666	\$ 1,147,961	\$ 23,319,627
Inventory		87,985	87,985
Receivables:			
Taxes-current	576,481		576,481
Taxes-delinquent	35,186		35,186
Other receivables	216,152		216,152
Intergovernmental-State	36,623		36,623
Intergovernmental-Indirect Federal	1,237,079	62,983	1,300,062
Intergovernmental-Direct Federal	22,552		22,552
<b>Total Current Assets</b>	<b>24,295,739</b>	<b>1,298,929</b>	<b>25,594,668</b>
<b><u>Noncurrent Assets</u></b>			
Non-depreciable capital assets	27,668,882		27,668,882
Depreciable capital assets, net of accumulated depreciation	199,511,152	1,754,420	201,265,572
<b>Total Noncurrent Assets</b>	<b>227,180,034</b>	<b>1,754,420</b>	<b>228,934,454</b>
<b>Total Assets</b>	<b>251,475,773</b>	<b>3,053,349</b>	<b>254,529,122</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred amount on debt refundings	3,397,914		3,397,914
CERS	6,634,653	1,102,190	7,736,843
<b>Total Deferred Outflows of Resources</b>	<b>10,032,567</b>	<b>1,102,190</b>	<b>11,134,757</b>
<b>Liabilities</b>			
<b><u>Current Liabilities</u></b>			
Accounts payable	892,798	18,649	911,447
Accrued liabilities	64,892		64,892
Unearned revenue	1,287,168		1,287,168
Bond obligations	8,490,000		8,490,000
Capital leases	473,729		473,729
KSBIT	84,860		84,860
Compensated absences	70,133		70,133
Interest payable	1,324,827		1,324,827
<b>Total Current Liabilities</b>	<b>12,688,407</b>	<b>18,649</b>	<b>12,707,056</b>
<b><u>Noncurrent Liabilities</u></b>			
Bond obligations	151,364,656		151,364,656
Capital leases	653,103		653,103
KSBIT	254,582		254,582
Net pension liability - CERS	28,005,467	4,652,443	32,657,910
Compensated absences	631,199		631,199
<b>Total Noncurrent Liabilities</b>	<b>180,909,007</b>	<b>4,652,443</b>	<b>185,561,450</b>
<b>Total Liabilities</b>	<b>193,597,414</b>	<b>4,671,092</b>	<b>198,268,506</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	69,596,460	1,754,420	71,350,880
Restricted	4,383,532		4,383,532
Unrestricted	(6,069,066)	(2,269,973)	(8,339,039)
<b>Total Net Position</b>	<b>\$ 67,910,926</b>	<b>\$ (515,553)</b>	<b>\$ 67,395,373</b>

The notes to the financial statements are an integral part of this statement.

**BULLITT COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2017

**FUNCTIONS/PROGRAMS**

**Governmental Activities:**

Instruction									
Support services:	\$ 108,831,858	\$ 67,622	\$ 57,931,892	\$ -	\$ (50,832,344)	\$ -	\$ (50,832,344)		
Student	4,011,624		979,009		(3,032,615)		(3,032,615)		
Instruction staff	7,915,790		2,360,649		(5,555,141)		(5,555,141)		
District administrative	1,344,413		68,212		(1,276,201)		(1,276,201)		
School administrative	8,024,508		1,922,837		(6,101,671)		(6,101,671)		
Business	1,977,073		780,218		(1,196,855)		(1,196,855)		
Plant operation and maintenance	14,527,672		558,327		(13,969,345)		(13,969,345)		
Student transportation	7,265,892	93,450	865,333		(6,307,109)		(6,307,109)		
Community service activities	738,666		737,850		(816)		(816)		
Facility acquisition and construction				4,255,980	4,255,980		4,255,980		
Other	124,239				(124,239)		(124,239)		
Interest on long-term debt	5,555,968			673,539	(4,882,429)		(4,882,429)		
<b>Total Governmental Activities</b>	<b>160,317,703</b>	<b>161,072</b>	<b>66,204,327</b>	<b>4,929,519</b>	<b>(89,022,785)</b>	<b>-</b>	<b>(89,022,785)</b>		
<b>Business-Type Activities:</b>									
Food service	6,608,258	1,771,395	4,901,191			64,328	64,328		
<b>Total Business-Type Activities</b>	<b>6,608,258</b>	<b>1,771,395</b>	<b>4,901,191</b>	<b>-</b>	<b>-</b>	<b>64,328</b>	<b>64,328</b>		
<b>Total Primary Government</b>	<b>\$ 166,925,961</b>	<b>\$ 1,932,467</b>	<b>\$ 71,105,518</b>	<b>\$ 4,929,519</b>	<b>(89,022,785)</b>	<b>64,328</b>	<b>(88,958,457)</b>		

**General Revenues:**

Taxes:							
Property taxes					37,141,948		37,141,948
Motor vehicle taxes					2,689,108		2,689,108
Utility taxes					4,498,436		4,498,436
Distilled spirits					1,619,687		1,619,687
Unmined minerals					6,571		6,571
Investment earnings					84,133	2,786	86,919
State and formula grants					46,116,628		46,116,628
Miscellaneous					686,523		686,523
Transfers					(240,350)	240,350	-
Total general revenues and transfers					92,602,684	243,136	92,845,820
Change in net position					3,579,899	307,464	3,887,363
Net position - beginning					64,331,027	(823,017)	63,508,010
Net position - ending					\$ 67,910,926	\$ (515,553)	\$ 67,395,373

The notes to the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**BULLITT COUNTY SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2017

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 17,463,604	\$ 1,139,721	\$ 1,727,793	\$ 1,840,548	\$ 22,171,666
Receivables:					
Taxes - current	576,481				576,481
Taxes - delinquent	35,186				35,186
Other receivables	107,240	108,912			216,152
Intergovernmental - State		36,623			36,623
Intergovernmental - Indirect Federal		1,237,079			1,237,079
Intergovernmental - Direct Federal		22,552			22,552
<b>Total Assets</b>	<b>\$ 18,182,511</b>	<b>\$ 2,544,887</b>	<b>\$ 1,727,793</b>	<b>\$ 1,840,548</b>	<b>\$ 24,295,739</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 323,716	\$ 159,876	\$ 383,893	\$ 25,313	\$ 892,798
Accrued liabilities	64,892				64,892
KSBIT	339,442				339,442
Unearned revenue	126,554	1,160,614			1,287,168
<b>Total Liabilities</b>	<b>854,604</b>	<b>1,320,490</b>	<b>383,893</b>	<b>25,313</b>	<b>2,584,300</b>
<b>Fund Balances</b>					
Restricted		1,224,397	1,343,900	1,815,235	4,383,532
Committed	710,659				710,659
Assigned	4,407,532				4,407,532
Unassigned	12,209,716				12,209,716
<b>Total Fund Balances</b>	<b>17,327,907</b>	<b>1,224,397</b>	<b>1,343,900</b>	<b>1,815,235</b>	<b>21,711,439</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 18,182,511</b>	<b>\$ 2,544,887</b>	<b>\$ 1,727,793</b>	<b>\$ 1,840,548</b>	<b>\$ 24,295,739</b>

The notes to the financial statements are an integral part of this statement.

## BULLITT COUNTY SCHOOL DISTRICT

### RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2017

Total fund balance per fund financial statements	\$ 21,711,439
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	227,180,034
Governmental funds do not record deferred outflows of resources for pensions but those are reported on the statement of net position as deferred outflows of resources.	6,634,653
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	3,397,914
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(159,854,656)
Interest payable	(1,324,827)
Compensated absences	(701,332)
Net pension liability - CERS	(28,005,467)
Capital leases payable	<u>(1,126,832)</u>
Net position for governmental activities	<u>\$ 67,910,926</u>

The notes to the financial statements are an integral part of this statement.

**BULLITT COUNTY SCHOOL DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**GOVERNMENTAL FUNDS**

Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
From local sources:					
Taxes:					
Property	\$ 27,743,908	\$ -	\$ -	\$ 9,398,040	\$ 37,141,948
Motor vehicle	2,689,108				2,689,108
Utilities	4,498,436				4,498,436
Distilled spirits	1,619,687				1,619,687
Unmined minerals	6,571				6,571
Earnings on investments	70,092	3,580	10,457	4	84,133
Other local revenues	847,595	613,767	21,999	553,539	2,036,900
Intergovernmental - State	66,063,747	4,612,274		4,929,519	75,605,540
Intergovernmental - Indirect Federal	292,023	5,568,801			5,860,824
Intergovernmental - Direct Federal		181,487			181,487
<b>Total Revenues</b>	<b>103,831,167</b>	<b>10,979,909</b>	<b>32,456</b>	<b>14,881,102</b>	<b>129,724,634</b>
<b>Expenditures:</b>					
Instruction	66,754,949	7,691,359		439,195	74,885,503
Support services:					
Student	3,929,259	100,939			4,030,198
Instruction staff	6,519,567	1,239,152		143,183	7,901,902
District administrative	2,017,880				2,017,880
School administrative	7,385,632	511,356			7,896,988
Business	1,664,308	564,829			2,229,137
Plant operation and maintenance	9,341,441	121,140			9,462,581
Student transportation	7,050,972	269,549		1,520	7,322,041
Community service activities		737,850			737,850
Other non-instruction	49,361				49,361
Facilities acquisition and construction			10,594,400		10,594,400
Bond issuance costs				122,398	122,398
Debt service:					
Principal				8,190,000	8,190,000
Interest				5,360,230	5,360,230
<b>Total Expenditures</b>	<b>104,713,369</b>	<b>11,236,174</b>	<b>10,594,400</b>	<b>14,256,526</b>	<b>140,800,469</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(882,202)</b>	<b>(256,265)</b>	<b>(10,561,944)</b>	<b>624,576</b>	<b>(11,075,835)</b>
<b>Other Financing Sources (Uses):</b>					
Capital lease proceeds	664,251				664,251
Bond proceeds from refunding bonds				16,945,000	16,945,000
Bond premium				1,678,409	1,678,409
Payments to refunded escrow agent				(19,110,064)	(19,110,064)
Transfers in	1,474,199	283,533		13,487,465	15,245,197
Transfers out	(1,213,455)			(13,748,966)	(14,962,421)
<b>Total Other Financing Sources (Uses)</b>	<b>924,995</b>	<b>283,533</b>	<b>-</b>	<b>(748,156)</b>	<b>460,372</b>
<b>Net Change in Fund Balances</b>	<b>42,793</b>	<b>27,268</b>	<b>(10,561,944)</b>	<b>(123,580)</b>	<b>(10,615,463)</b>
<b>Fund Balance, July 1, 2016</b>	<b>17,285,114</b>	<b>1,197,129</b>	<b>11,905,844</b>	<b>1,938,815</b>	<b>32,326,902</b>
<b>Fund Balance, June 30, 2017</b>	<b>\$ 17,327,907</b>	<b>\$ 1,224,397</b>	<b>\$ 1,343,900</b>	<b>\$ 1,815,235</b>	<b>\$ 21,711,439</b>

The notes to the financial statements are an integral part of this statement.

## BULLITT COUNTY SCHOOL DISTRICT

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

Net change in total fund balances per fund financial statements	\$ (10,615,463)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.	5,619,960
The proceeds for the issuance of bonds provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	(122,323)
The proceeds for the issuance of capital leases provide current financial resources and are reported in this fund financial statement but they are presented as liabilities in the statement of net position.	(664,251)
Payments to an escrow agent for defeasance of bonds are recognized as other financing uses in the fund financial statement but are reductions of liabilities in the statement of net position.	608,979
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	8,498,314
The difference between actuarial pension contributions to CERS and actual contributions made are recorded as adjustments in the statement of activities.	(259,215)
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(10,352)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	<u>524,250</u>
Change in net position of governmental activities	<u>\$ 3,579,899</u>

The notes to the financial statements are an integral part of this statement.

**BULLITT COUNTY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

June 30, 2017

	<u>Food Service Fund</u>
<b>Assets</b>	
<b><u>Current Assets</u></b>	
Cash, cash equivalents and investments	\$ 1,147,961
Intergovernmental - Indirect Federal	62,983
Inventory	<u>87,985</u>
<b>Total Current Assets</b>	<b>1,298,929</b>
<b><u>Noncurrent Assets</u></b>	
Depreciable capital assets, net of accumulated depreciation	<u>1,754,420</u>
<b>Total Noncurrent Assets</b>	<u>1,754,420</u>
<b>Total Assets</b>	<u>3,053,349</u>
<b>Deferred Outflows of Resources</b>	
CERS	<u>1,102,190</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,102,190</u>
<b>Liabilities</b>	
<b><u>Current Liabilities</u></b>	
Accounts payable	<u>18,649</u>
<b>Total Current Liabilities</b>	<u>18,649</u>
<b><u>Noncurrent Liabilities</u></b>	
Net pension liability - CERS	<u>4,652,443</u>
<b>Total Noncurrent Liabilities</b>	<u>4,652,443</u>
<b>Total Liabilities</b>	<u>4,671,092</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	1,754,420
Unrestricted	<u>(2,269,973)</u>
<b>Total Net Position</b>	<u><u>\$ (515,553)</u></u>

The notes to the financial statements are an integral part of this statement.

**BULLITT COUNTY SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS**

Year Ended June 30, 2017

	Food Service Fund
<b>Operating Revenues:</b>	
Lunchroom sales	\$ 1,763,090
Other operating revenues	<u>8,305</u>
<b>Total Operating Revenues</b>	1,771,395
<b>Operating Expenses:</b>	
Salaries and wages	3,398,681
Materials and supplies	2,768,386
Depreciation	325,084
Other operating expenses	<u>116,107</u>
<b>Total Operating Expenses</b>	<u>6,608,258</u>
Operating loss	(4,836,863)
<b>Non-Operating Revenues (Expenses):</b>	
Federal grants	4,013,832
Donated commodities	411,819
State on-behalf payments	421,519
State grants	54,021
Loss on disposal of capital assets	
Interest income	<u>2,786</u>
<b>Total Non-Operating Revenues (Expenses) before Contributions and Transfers</b>	4,903,977
Capital contributions	523,126
Transfers out	<u>(282,776)</u>
Changes in net position	<u>307,464</u>
<b>Net Position, July 1, 2016</b>	<u>(823,017)</u>
<b>Net Position June 30, 2017</b>	<u><u>\$ (515,553)</u></u>

The notes to the financial statements are an integral part of this statement.

**BULLITT COUNTY SCHOOL DISTRICT****STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS**

Year Ended June 30, 2017

	Food Service Fund
<b>Cash Flows from Operating Activities</b>	
Cash received from:	
Lunchroom sales	\$ 1,763,090
Other activities	8,305
Cash paid to/for:	
Employees	3,040,605
Supplies	2,352,498
Other activities	116,107
<b>Net Cash Used by Operating Activities</b>	<b>(3,737,815)</b>
<b>Cash flows from Non-Capital Financing Activities</b>	
Federal grants	4,001,638
State grants	54,021
Transfers out	(282,776)
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>3,772,883</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of capital assets	(751)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(751)</b>
<b>Cash Flows from Investing Activities</b>	
Receipt of interest income	2,786
<b>Net Cash Provided by Investing Financing Activities</b>	<b>2,786</b>
Net decrease in cash and cash equivalents	37,103
<b>Balances, beginning of year</b>	<b>1,110,858</b>
<b>Balances, end of year</b>	<b>\$ 1,147,961</b>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (4,836,863)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	325,084
State on-behalf payments	421,519
Donated commodities	411,819
GASB 68 pension expense	(63,443)
Change in assets and liabilities:	
Inventory	(9,491)
Accounts payable	13,560
<b>Net cash used by operating activities</b>	<b>\$ (3,737,815)</b>
<b>Schedule of non-cash transactions:</b>	
Donated commodities received from federal government	\$ 411,819
State on-behalf payments	\$ 421,519
CERS Pensions	\$ (63,443)

The notes to the financial statements are an integral part of this statement.

**BULLITT COUNTY SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

June 30, 2017

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 743,626
Receivables	<u>114</u>
<b>Total Assets</b>	<u><u>\$ 743,740</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 7,235
Due to student groups	<u>736,505</u>
<b>Total Liabilities</b>	<u><u>\$ 743,740</u></u>

The notes to the financial statements are an integral part of this statement.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2017

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Bullitt County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### **A. REPORTING ENTITY**

The Bullitt County Board of Education ("Board"), a five-member group, is the level of government, which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Bullitt County School District. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies, which may influence operations and primary accountability for fiscal matters.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Bullitt County School District Finance Corporation, (the "Corporation"). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Boosters, Parent-Teacher Associations, etc.

Blended Component Unit - Bullitt County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bullitt County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

##### **B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

###### **Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for Fiduciary Funds.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of net position presents the financial condition of the governmental and business-type activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

#### Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

#### Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

- (A) The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund.
- (C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
  - 2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
  - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund.
- (E) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

#### **Proprietary Funds**

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has one Proprietary Fund. The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

- A. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

##### BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

##### Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

##### Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

##### Revenue Recognition

State Revenue Sources - Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky ("SEEK"), administered by the Kentucky Department of Education ("KDE"). The District files reports on average daily attendance ("ADA") student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes - On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

#### **C. BUDGETARY POLICIES**

##### Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. All budget appropriations lapse at year-end.

#### **D. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

##### F. INVENTORIES

Inventories are valued at cost, which approximates market. The food service fund uses the specific identification method. The District's inventories include food and commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

##### G. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period are allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of use.

##### H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds while deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method.

##### J. COMPENSATED ABSENCES

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

##### K. ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

##### L. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

###### Recently Issued And Adopted Accounting Principles

In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement is effective for periods beginning after June 15, 2016. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement is effective for periods beginning after June 15, 2016. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

In August 2015, the GASB issued Statement 77, *Tax Abatement Disclosures*. This statement is effective for periods beginning after December 15, 2015. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

In December 2015, the GASB issued Statement 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement is effective for periods beginning after December 15, 2015. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

In January 2016, the GASB issued Statement 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement 14*. This statement is effective for periods beginning after June 15, 2016. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

In March 2016, the GASB issued Statement 81, *Irrevocable Split-Interest Agreements*. This statement is effective for periods beginning after December 15, 2016. This statement was adopted during the fiscal year ended June 30, 2017 and did not have an impact on the District's financial statements.

#### Recently Issued Accounting Pronouncements

In March 2016, the GASB issued Statement 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 72*. This statement is effective for periods beginning after June 15, 2016 except for the requirements of the Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This statement is effective for periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. This statement is effective for periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. This statement is effective for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2017, the GASB issued Statement 86, *Certain Debt Extinguishment Issues*. This statement is effective for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2017

#### NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund. The usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

The property tax rates assessed for the year ended June 30, 2017, to finance operations were \$.694 per \$100 valuation for real property, \$.694 per \$100 valuation for business personal property and \$.477 per \$100 valuation for motor vehicles. The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

#### NOTE 3 – DEPOSITS

##### Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. At June 30, 2017, \$27,397,433 of the District's bank balance of \$27,647,433 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

#### NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

##### **Fund Financials**

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Technology Match	\$ 283,533
General	Nonmajor Governmental	Debt Service	929,922
Nonmajor Governmental	General	CFR	1,191,423
Nonmajor Governmental	Nonmajor Governmental	Debt Service	12,557,543
Food Service	General	Indirect Costs	282,776

##### **Government-Wide Activities**

From Fund	To Fund	Purpose	Amount
Governmental Activities	Food Service	Capital Assets	\$ 523,126

**BULLITT COUNTY SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

Governmental Activities	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Capital Assets Not Being Depreciated:				
Land	\$ 6,138,426	\$ -	\$ -	\$ 6,138,426
Construction in progress	11,794,860	11,756,413	(2,020,817)	21,530,456
Total Capital Assets Not Being Depreciated	17,933,286	11,756,413	(2,020,817)	27,668,882
Capital Assets Being Depreciated:				
Land improvements		1,147,979		1,147,979
Buildings and improvements	270,621,034	16,975		270,638,009
Technology equipment	13,307,192	1,915,606	(726,978)	14,495,820
Vehicles	10,167,555	830,678		10,998,233
General equipment	1,874,168	98,002		1,972,170
Total Capital Assets Being Depreciated at Historical Cost	295,969,949	4,009,240	(726,978)	299,252,211
Less Accumulated Depreciation For:				
Land improvements	-			-
Buildings and improvements	74,005,894	6,214,672		80,220,566
Technology equipment	10,376,962	1,127,831	(716,626)	10,788,167
Vehicles	7,082,649	668,830		7,751,479
General equipment	867,304	113,543		980,847
Total accumulated depreciation	92,332,809	8,124,876	(716,626)	99,741,059
Total Other Capital Assets, net	203,637,140	(4,115,636)	(10,352)	199,511,152
Governmental Activities Capital Assets - Net	<u>\$ 221,570,426</u>	<u>\$ 7,640,777</u>	<u>\$ (2,031,169)</u>	<u>\$ 227,180,034</u>
Business-Type Activities				
Capital Assets Being Depreciated:				
Technology equipment	\$ 48,644	\$ 751	\$ (1,942)	\$ 47,453
Food service equipment	3,926,010	523,126	(74,737)	4,374,399
Totals at historical cost	3,974,654	523,877	(76,679)	4,421,852
Less Accumulated Depreciation For:				
Technology equipment	\$ 44,654	\$ 1,440	\$ (1,942)	\$ 44,152
Food service equipment	2,374,373	323,644	(74,737)	2,623,280
Total accumulated depreciation	2,419,027	325,084	(76,679)	2,667,432
Business-Type Activities Capital Assets - Net	<u>\$ 1,555,627</u>	<u>\$ 198,793</u>	<u>\$ -</u>	<u>\$ 1,754,420</u>

Depreciation was charged to governmental functions as follows:

Instruction	\$ 817,054
Student support	63,787
Instructional staff	1,775
District administration	194,481
School administration	136,316
Plant	6,248,889
Transportation	662,574
	<u>\$ 8,124,876</u>

**BULLITT COUNTY SCHOOL DISTRICT****NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

**NOTE 6 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases commercial insurance.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 7 – LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2017, is as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Leases Payable:					
Revenue bonds	\$169,390,000	\$ 16,945,000	\$ (26,615,000)	\$ 159,720,000	\$ 8,490,000
Capital leases	770,895	664,251	(308,314)	1,126,832	473,729
	170,160,895	17,609,251	(26,923,314)	160,846,832	8,963,729
Add Premiums	382,894	1,678,409	(170,705)	1,890,598	
Less Discounts	(1,902,311)		146,369	(1,755,942)	
Total Bonds and Leases Payable	168,258,584	17,609,251	(26,776,945)	159,090,890	8,963,729
Other Liabilities:					
KSBIT	520,874		(181,432)	339,442	84,860
Compensated absences	1,421,319		(719,987)	701,332	70,133
Total Other Liabilities	1,942,193	-	(901,419)	1,040,774	154,993
Total Governmental Activities					
Long-Term Liabilities	<u>\$170,200,777</u>	<u>\$ 17,609,251</u>	<u>\$ (27,678,364)</u>	<u>\$ 160,131,664</u>	<u>\$ 9,118,722</u>

The debt service fund is primarily responsible for paying the bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences and KSBIT. The general fund and food service fund are primarily responsible for paying the net pension liability.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

##### Bond Liabilities

The original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
July 2010	\$ 9,065,000	1.00% - 3.00%
December 2011	2,420,000	1.00% - 2.375%
February 2012	1,135,000	1.00% - 2.375%
March 2012	13,355,000	2.50% - 2.75%
December 2012	23,675,000	2.00% - 2.125%
October 2013	26,815,000	2.00% - 4.125%
July 2014	48,595,000	3.50% - 5.00%
October 2015	20,370,000	2.00% - 3.375%
January 2016	7,890,000	2.00% - 3.00%
June 2017	16,945,000	2.00% - 5.00%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bullitt County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

On March 7, 2017, the District paid \$610,778.74 (\$608,978.74 to a bond escrow agent and \$1,800 of costs) to advance refund \$575,000 of the 2015 Series Revenue Bonds. These will be called on November 1, 2025. The defeasance resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$33,979. This difference, reported in the accompanying government-wide financial statements as a deferred outflow of resources, is being charged to operations through the year 2029 using the straight-line method.

On June 7, 2017, the District issued \$16,945,000 in Refunding Revenue Bonds with an average interest rate of 2.4 percent to advance refund \$8,840,000 of outstanding 2008 Series Bonds and \$9,010,000 of outstanding 2008B Series Bonds. The refunding was an advance refunding. The net proceeds of \$18,501,086 (after \$120,598 in cost of issuance, \$1,678,409 in bond premium, and \$1,725 in excess cash which was deposited in the bond payment fund) were used to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to call the bonds. The 2008 bonds will be called on March 1, 2018 and the 2008B bonds will be called on April 1, 2018.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 7 – LONG-TERM LIABILITIES - CONTINUED

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$651,085. This difference, reported in the accompanying government-wide financial statements as a deferred outflow of resources, is being charged to operations through the year 2029 using the straight-line method.

The District completed the refunding to reduce its total debt service payments over the next 12 years by \$2,119,114 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,847,093.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2017, for debt service (principal and interest) are as follows:

Year	Principal	Interest	KSFCC Participation	District's Portion
2018	\$ 8,490,000	\$ 4,810,535	\$ 621,873	\$ 12,678,662
2019	8,545,000	4,752,589	621,873	12,675,716
2020	8,770,000	4,522,536	621,872	12,670,664
2021	9,025,000	4,269,693	621,872	12,672,821
2022	9,280,000	4,009,079	621,873	12,667,206
2023-2027	50,715,000	15,641,316	3,109,365	63,246,951
2028-2032	48,045,000	6,923,428	3,069,304	51,899,124
2033-2036	16,850,000	869,141	1,409,718	16,309,423
	<u>\$ 159,720,000</u>	<u>\$ 45,798,317</u>	<u>\$ 10,697,750</u>	<u>\$ 194,820,567</u>

#### Capital Lease Liabilities

The following is an analysis of the leased property under capital lease by class:

##### Classes of Property

##### Technology equipment

Gross amount of assets \$ 1,387,626

These assets are included in depreciable capital assets and depreciated in the statement of activities. During the year, the District entered into a capital lease for technology for \$664,251.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 7 – LONG-TERM LIABILITIES - CONTINUED

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2017:

Year Ending June 30,	Capital Lease Payable
2018	\$ 526,262
2019	402,374
2020	231,946
2021	105,531
Total minimum lease payments	1,266,113
Less: amount representing interest	(139,282)
Present value of net minimum lease payments	<u>\$1,126,831</u>

#### NOTE 8 – PENSION PLANS

##### Plan Descriptions

The Bullitt County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at [www.ktrs.ky.gov](http://www.ktrs.ky.gov). CERS' report may be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

##### ***Retirement Plan***

##### Benefits Provided

*For Members Before July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2017

#### **NOTE 8 – PENSION PLANS – CONTINUED**

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members receive monthly payments equal to two percent (2%) (service prior to July 1, 1983) and two and one-half percent (2.5%) (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002 will receive monthly benefits equal to two percent (2%) of their final average salary for each year of service if, upon retirement, their total service is less than ten (10) years. New members after July 1, 2002 who retire with ten (10) or more years of total service will receive monthly benefits equal to two and one-half percent (2.5%) of their final average salary for each year of service, including the first ten (10) years. In addition, non-university members who retire July 1, 2004 and later with more than thirty (30) years of service will have their multiplier increased for all years over thirty (30) from two and one-half percent (2.5%) to three percent (3%) to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

#### *For Members On or After July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 8 – PENSION PLANS – CONTINUED

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

##### *Other Benefits:*

The System provides post-employment medical benefits to retirees. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

##### Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2017, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2017.

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$529,331,646.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2016, the District's proportion was 0 percent.

For the year ended June 30, 2017, the District recognized pension expense of \$43,123,003 and revenue of \$43,123,003 (\$8,709,687 in the governmental funds and an additional \$34,413,316 in government-wide activities) for support provided by the State. At June 30, 2017, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

##### Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.50 percent
Salary increases	4.00 – 8.20 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 8 – PENSION PLANS – CONTINUED

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a set back of 1 year for females. The results of the experience study for the period July 1, 2010 - June 30, 2015 will be reflected in the June 30, 2016 valuation and the June 30, 2017 GASB 67 report.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study prepared as of June 30, 2015, submitted to and adopted by the Board on September 19, 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	45%	6.4%
Non U.S. Equity	17%	6.5%
Fixed Income	24%	1.6%
High Yield Bonds	4%	3.1%
Real Estate	4%	5.8%
Alternatives	4%	6.8%
Cash	2%	1.5%
Total	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 4.20%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2040 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent interest rate (SEIR). Therefore, the long-term expected rate of return of 7.50% on Plan investments was applied to periods through 2039 and the Municipal Bond Index Rate of 3.01% was applied to periods after 2039, resulting in an SEIR of 4.20%. The TPL used last year was determined using a discount rate equal to 4.88%, which was based on a municipal bond index rate of 3.82%. These two amounts are rolled forward to June 30, 2016 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the assumed interest rate (SEIR) for the year. The difference between the two roll-forward amounts as of June 30, 2016 is the gain or loss due to changes in assumptions and other inputs. In addition, we have determined an expected TPL as of June 30, 2016 based on the TPL roll-forward in the June 30, 2015 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL based on the 4.88% interest rate is reflected as an experience gain or loss for the year.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 4.20 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.20 percent) or 1-percentage-point higher (5.20 percent) than the current rate:

	1% Decrease (3.20%)	Current Discount Rate (4.20%)	1% Increase (5.20%)
System's net pension liability (in thousands)	\$ 37,937,230	\$ 30,924,069	\$ 25,168,197

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

##### **Medical Insurance Plan**

###### Plan Description

In addition to the pension benefits described above, KRS 161.675 requires TRS to provide postretirement healthcare benefits to eligible members and dependents. The TRS medical insurance benefit is a cost-sharing, multiple employer defined benefit plan. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired for service or disability. The TRS medical insurance fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

###### Contributions

The post-employment medical benefit provided by TRS is financed on a pre-funded basis beginning July 1, 2010 with the implementation of the "Shared Responsibility" legislation. In order to fund medical benefits, active member contributions are matched by the state at .75% of members' gross salaries. Beginning July 1, 2010 member contributions to the TRS medical plan increased incrementally to 3.75% on July 1, 2015 under the Shared Responsibility Plan. Also, the premiums collected from retirees and investment income contributes to funding the plan.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2017

#### **NOTE 8 – PENSION PLANS – CONTINUED**

##### **CERS**

###### Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

###### Contributions

For the fiscal year ended June 30, 2017, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2017, was 13.95 percent of annual creditable compensation. Contributions to the pension plan from the District were \$2,225,922.

###### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported a liability of \$32,657,910 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.663291 percent, which was an increase of .012658 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the District recognized pension expense of \$4,741,963. At June 30, 2017, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BULLITT COUNTY SCHOOL DISTRICT****NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2017

**NOTE 8 – PENSION PLANS – CONTINUED**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 142,576	\$ -
Changes in actuarial assumptions	1,730,042	-
Difference between projected and actual investment earnings	3,070,177	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	568,126	-
Contributions paid to CERS subsequent to the measurement date	2,225,922	-
	<u>\$ 7,736,843</u>	<u>\$ -</u>

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$2,225,922 will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense Amount
2018	\$ 2,002,607
2019	1,394,936
2020	1,362,992
2021	750,386
	<u>\$ 5,510,921</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	4.0 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 8 – PENSION PLANS – CONTINUED

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated December 3, 2015. Several factors are considered in evaluating the long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined Equity	44%	5.40%
Combined Fixed Income	19%	1.50%
Real Return (Diversified Inflation Strategies)	10%	3.50%
Real Estate	5%	4.50%
Absolute Return (Diversified Hedge Funds)	10%	4.25%
Private Equity	10%	8.50%
Cash	2%	-0.25%
Total	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 7.5%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 27 year amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. Projected future benefit payments for all current plan members were projected through 2117. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CERS Comprehensive Annual Financial Report.

## BULLITT COUNTY SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2017

#### NOTE 8 – PENSION PLANS – CONTINUED

##### Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	Decrease (6.5%)	Discount Rate (7.5%)	Increase (8.5%)
District's proportionate share of the net pension liability	\$ 40,697,052	\$ 32,657,910	\$ 25,766,777

##### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	10	0%
15-19	7	25%
10-14	5	50%
4-9	2	75%
Less than 4	0	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

The District is required to contribute at an actuarially determined rate. As of June 30, 2017, 2016, and 2015, the District's required contribution rate was 4.73%, 4.64%, and 4.92%, respectively, of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the Kentucky Retirement Systems Board of Trustees. Contributions to the Insurance Fund from the District were \$754,739, \$738,679, and \$749,602 for the years ended June 30, 2017, 2016, and 2015.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED**

June 30, 2017

#### **NOTE 8 – PENSION PLANS – CONTINUED**

##### **DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

#### **NOTE 9 – FUND BALANCES**

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2017, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2017, the District had \$1,224,397 restricted for grants in the Special Revenue Fund, \$420,020 restricted for school activities in the District Activity Fund, \$1,393,490 restricted for capital projects in the FSPK Fund, \$1,343,900 restricted for capital projects in the Construction Fund and \$1,725 restricted for debt service in the Debt Service Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had commitments recorded in the General Fund of \$710,659 for compensated absences at June 30, 2017.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amounts assigned related to encumbrances at June 30, 2017, were \$1,032,728 recorded in the General Fund. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. Amounts intended to be used for a specific purpose recorded in the General Fund were \$3,374,804 for future construction, fiber optic repairs and curriculum.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

#### **NOTE 10 – COMMITMENTS AND CONTINGENCIES**

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the basic financial statements as a result of the cases presently in progress.

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the School District at risk for a substantial loss.

The District also has outstanding commitments for construction projects.

#### **NOTE 11 – DEFICIT OPERATING BALANCES**

The Food Service Fund has as deficit net position due to recording the net pension liability under GASB 68. The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

Construction Fund	\$ 10,561,944
District Activity Fund	30,359
SEEK Capital Outlay Fund	1
FSPK Fund	94,945

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**

June 30, 2017

#### **NOTE 12 – ON-BEHALF PAYMENTS**

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2017, were as follows:

Health	\$ 10,786,075
Life	19,861
Admin	157,612
HRA	984,864
TRS	8,709,687
Technology	176,402
Debt Service	673,539
Less: Federal Reimbursement	<u>(465,864)</u>
Total on-behalf	<u><u>\$ 21,042,176</u></u>

Recorded as follows:

General Fund	\$ 19,947,118
Food Service Fund	421,519
Debt Service Fund	<u>673,539</u>
	<u><u>\$ 21,042,176</u></u>

#### **NOTE 13 – SUBSEQUENT EVENTS**

In October 2017, the District issued \$14,110,000 in school building revenue bonds that carry an interest rate between 3 and 5 percent.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**BULLITT COUNTY SCHOOL DISTRICT**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL**
**GENERAL FUND**

Year Ended June 30, 2017

	Original	Final	Actual
<b>Revenues:</b>			
From local sources:			
Taxes:			
Property	\$ 25,210,000	\$ 26,650,983	\$ 27,743,908
Motor vehicle	2,375,000	2,375,000	2,689,108
Utilities	4,500,000	4,500,000	4,498,436
Distilled spirits	1,500,000	1,500,000	1,619,687
Unmined minerals			6,571
Earnings on investments	30,000	30,000	70,092
Other local revenues	329,500	329,500	847,595
Intergovernmental - State	63,985,036	63,985,036	66,063,747
Intergovernmental - Indirect Federal	190,000	190,000	292,023
<b>Total Revenues</b>	<b>98,119,536</b>	<b>99,560,519</b>	<b>103,831,167</b>
<b>Expenditures:</b>			
Instruction	67,125,293	67,267,349	66,754,949
Support services:			
Student	3,647,017	3,762,067	3,929,259
Instruction staff	6,941,761	6,840,101	6,519,567
District administrative	2,293,242	2,324,712	2,017,880
School administrative	7,230,891	7,309,347	7,385,632
Business	1,997,290	2,423,802	1,664,308
Plant operation and maintenance	8,963,645	10,992,029	9,341,441
Student transportation	8,248,399	8,270,439	7,050,972
Other	2,638,465	3,602,066	49,361
<b>Total Expenditures</b>	<b>109,086,003</b>	<b>112,791,912</b>	<b>104,713,369</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(10,966,467)</b>	<b>(13,231,393)</b>	<b>(882,202)</b>
<b>Other Financing Sources (Uses):</b>			
Capital lease proceeds			664,251
Transfers in	250,000	250,000	1,474,199
Transfers out	(283,533)	(283,533)	(1,213,455)
<b>Total Other Financing Sources (Uses)</b>	<b>(33,533)</b>	<b>(33,533)</b>	<b>924,995</b>
<b>Net Change in Fund Balance</b>	<b>(11,000,000)</b>	<b>(13,264,926)</b>	<b>42,793</b>
<b>Fund Balance, July 1, 2016</b>	<b>11,000,000</b>	<b>13,264,926</b>	<b>17,285,114</b>
<b>Fund Balance, June 30, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,327,907</b>

**BULLITT COUNTY SCHOOL DISTRICT****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL****SPECIAL REVENUE FUND**

Year Ended June 30, 2017

	Original	Final	Actual
<b>Revenues:</b>			
Earnings on investments	\$ -	\$ 91	\$ 3,580
Other local revenues		573,236	613,767
Intergovernmental - State	8,459,601	4,380,915	4,612,274
Intergovernmental - Indirect Federal	10,137,518	5,317,190	5,568,801
Intergovernmental - Direct Federal		166,743	181,487
<b>Total Revenues</b>	<b>18,597,119</b>	<b>10,438,175</b>	<b>10,979,909</b>
<b>Expenditures:</b>			
Instruction	10,724,961	7,532,049	7,691,359
Support services:			
Student	210,938	95,555	100,939
Instruction staff	5,957,884	1,277,265	1,239,152
School administrative	283,994	467,663	511,356
Business	567,066	794,433	564,829
Plant operation and maintenance		74,974	121,140
Student transportation		5,110	269,549
Community service activities	1,419,342	717,561	737,850
Other		1,000	
<b>Total Expenditures</b>	<b>19,164,185</b>	<b>10,965,610</b>	<b>11,236,174</b>
<b>Excess (Deficit) of Revenues over Expenditures</b>	<b>(567,066)</b>	<b>(527,435)</b>	<b>(256,265)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	567,066	283,533	283,533
<b>Total Other Financing Sources (Uses)</b>	<b>567,066</b>	<b>283,533</b>	<b>283,533</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>(243,902)</b>	<b>27,268</b>
<b>Fund Balance, July 1, 2016</b>	<b>-</b>	<b>243,902</b>	<b>1,197,129</b>
<b>Fund Balance, June 30, 2017</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,224,397</b>

**BULLITT COUNTY SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY**

June 30, 2017

Last 10 Years \*

	2017	2016	2015
Proportion of the net pension liability	0.663291%	0.650633%	0.635878%
Proportionate share of the net pension liability	\$ 32,657,910	\$ 27,974,140	\$ 20,630,000
Covered - employee payroll	\$ 15,919,816	\$ 15,235,820	\$ 14,728,096
Proportionate share of the net pension liability as percentage of covered payroll	205.1%	183.6%	140.1%
Plan fiduciary net position as a percentage of the total pension liability	55.50%	59.97%	66.80%

\* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**BULLITT COUNTY SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET PENSION LIABILITY**

June 30, 2017

Last 10 Years \*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	1.7943%	1.7659%	1.6747%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	<u>529,331,646</u>	<u>410,921,649</u>	<u>344,145,200</u>
Total	<u>\$ 529,331,646</u>	<u>\$ 410,921,649</u>	<u>\$ 344,145,200</u>
Covered - employee payroll	\$ 55,245,952	\$ 53,215,974	\$ 51,117,804
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	42.50%	42.50%	45.59%

\* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**BULLITT COUNTY SCHOOL DISTRICT****SCHEDULE OF CONTRIBUTIONS TO CERS**

June 30, 2017

Last 10 Years \*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 2,225,922	\$ 1,977,241	\$ 1,942,567
Contribution in relation to the actuarially determined contributions	<u>2,225,922</u>	<u>1,977,241</u>	<u>1,942,567</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 15,956,427	\$ 15,919,816	\$ 15,235,820
Contributions as a percentage of covered employee payroll	13.95%	12.42%	12.75%

\* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**BULLITT COUNTY SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS TO TRS**

June 30, 2017

Last 10 Years \*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 55,892,348	\$ 55,245,952	\$ 53,215,974
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%

\* Fiscal year 2015 was the first year of implementation, therefore, only three years are shown.

**BULLITT COUNTY SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2017**

**CERS**

*Changes of benefit terms.* There were no changes in benefit terms.

*Changes of assumptions.* There were no changes in assumptions.

**TRS**

*Changes of benefit terms.* There were no changes in benefit terms.

*Changes of assumptions.* The following changes in assumptions were made:

*Changes of assumptions.* In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used.

## **SUPPLEMENTARY INFORMATION**

**BULLITT COUNTY SCHOOL DISTRICT**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2017

	District Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 445,333	\$ -	\$ 1,393,490	\$ 1,725	\$ 1,840,548
<b>Total Assets</b>	<u>\$ 445,333</u>	<u>\$ -</u>	<u>\$ 1,393,490</u>	<u>\$ 1,725</u>	<u>\$ 1,840,548</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities</b>					
Accounts payable	\$ 25,313	\$ -	\$ -	\$ -	\$ 25,313
<b>Total Liabilities</b>	<u>25,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,313</u>
<b>Fund Balances</b>					
Restricted	420,020		1,393,490	1,725	1,815,235
<b>Total Fund Balances</b>	<u>420,020</u>	<u>-</u>	<u>1,393,490</u>	<u>1,725</u>	<u>1,815,235</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 445,333</u>	<u>\$ -</u>	<u>\$ 1,393,490</u>	<u>\$ 1,725</u>	<u>\$ 1,840,548</u>

**BULLITT COUNTY SCHOOL DISTRICT**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2017

	District Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
From local sources:					
Property taxes	\$ -	\$ -	\$ 9,398,040		\$ 9,398,040
Other local revenue	553,539				553,539
Earnings on investments				4	4
Intergovernmental - State		1,191,422	3,064,558	673,539	4,929,519
<b>Total Revenues</b>	553,539	1,191,422	12,462,598	673,543	14,881,102
<b>Expenditures</b>					
Instruction	439,195				439,195
Support services:					
Instruction staff	143,183				143,183
Student transportation	1,520				1,520
Bond issue costs				122,398	122,398
Debt service:					
Principal				8,190,000	8,190,000
Interest				5,360,230	5,360,230
<b>Total Expenditures</b>	583,898	-	-	13,672,628	14,256,526
<b>Excess (Deficit) of Revenues over Expenditures</b>	(30,359)	1,191,422	12,462,598	(12,999,085)	624,576
<b>Other Financing Sources (Uses)</b>					
Bond proceeds from refunding bonds				16,945,000	16,945,000
Bond premium				1,678,409	1,678,409
Payments to refunded escrow agent				(19,110,064)	(19,110,064)
Transfers in				13,487,465	13,487,465
Transfers out		(1,191,423)	(12,557,543)		(13,748,966)
<b>Total Other Financing Sources (Uses)</b>	-	(1,191,423)	(12,557,543)	13,000,810	(748,156)
<b>Net Change in Fund Balances</b>	(30,359)	(1)	(94,945)	1,725	(123,580)
<b>Fund balance, July 1, 2016</b>	450,379	1	1,488,435	-	1,938,815
<b>Fund balance, June 30, 2017</b>	\$ 420,020	\$ -	\$ 1,393,490	\$ 1,725	\$ 1,815,235

**BULLITT COUNTY SCHOOL DISTRICT**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**AGENCY FUNDS**

June 30, 2017

	Bernheim Middle School	Brooks Elementary	Bullitt Central High School	Bullitt East High School	Bullitt Lick Middle School	Cedar Grove Elementary	Crossroads Elementary
<b>Assets</b>							
Cash and cash equivalents	\$ 41,914	\$ 9,371	\$ 116,999	\$ 151,558	\$ 25,854	\$ 45,459	\$ 27,814
Receivables	-	-	-	114.00	-	-	-
<b>Total Assets</b>	<u>\$ 41,914</u>	<u>\$ 9,371</u>	<u>\$ 116,999</u>	<u>\$ 151,672</u>	<u>\$ 25,854</u>	<u>\$ 45,459</u>	<u>\$27,814</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 4,726	\$ -	\$ -	\$ 621
Due to student groups	41,914	9,371	116,999	146,946	25,854	45,459	\$27,193
<b>Total Liabilities</b>	<u>\$ 41,914</u>	<u>\$ 9,371</u>	<u>\$ 116,999</u>	<u>\$ 151,672</u>	<u>\$ 25,854</u>	<u>\$ 45,459</u>	<u>\$27,814</u>
	Eastside Middle School	Freedom Elementary	Hebron Middle School	Lebanon Junction Elementary	Maryville Elementary	Mt. Washington Elementary	Mt. Washington Middle School
<b>Assets</b>							
Cash and cash equivalents	\$ 19,869	\$ 9,960	\$ 37,583	\$ 8,759	\$ 22,279	\$ 6,580	\$ 45,663
Receivables	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 19,869</u>	<u>\$ 9,960</u>	<u>\$ 37,583</u>	<u>\$ 8,759</u>	<u>\$ 22,279</u>	<u>\$ 6,580</u>	<u>\$ 45,663</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215
Due to student groups	19,869	9,960	37,583	8,759	22,279	6,580	45,448
<b>Total Liabilities</b>	<u>\$ 19,869</u>	<u>\$ 9,960</u>	<u>\$ 37,583</u>	<u>\$ 8,759</u>	<u>\$ 22,279</u>	<u>\$ 6,580</u>	<u>\$ 45,663</u>
	Nichols Elementary	North Bullitt High School	Old Mill Elementary	Overdale Elementary	Pleasant Grove Elementary	Roby Elementary	Shepherdsville Elementary
<b>Assets</b>							
Cash and cash equivalents	\$ 2,688	\$ 88,260	\$ 21,331	\$ 24,233	\$ 11,381	\$ 6,755	\$ 7,117
Receivables	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 2,688</u>	<u>\$ 88,260</u>	<u>\$ 21,331</u>	<u>\$ 24,233</u>	<u>\$ 11,381</u>	<u>\$6,755</u>	<u>\$ 7,117</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 1,673	\$ -	\$ -	\$ -	\$ -	\$ -
Due to student groups	2,688	86,587	21,331	24,233	11,381	\$6,755	7,117
<b>Total Liabilities</b>	<u>\$ 2,688</u>	<u>\$ 88,260</u>	<u>\$ 21,331</u>	<u>\$ 24,233</u>	<u>\$ 11,381</u>	<u>\$ 6,755</u>	<u>\$ 7,117</u>
	Zoneton Middle School	Total Agency Fund					
<b>Assets</b>							
Cash and cash equivalents	\$ 12,199	\$ 743,626					
Receivables	-	114					
<b>Total Assets</b>	<u>\$12,199</u>	<u>743,740</u>					
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 7,235					
Due to student groups	12,199	736,505					
<b>Total Liabilities</b>	<u>\$ 12,199</u>	<u>\$ 743,740</u>					

**BULLITT COUNTY SCHOOL DISTRICT**
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**
**YEAR ENDED JUNE 30, 2017**

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Bernheim Middle	\$ 37,766	\$ 104,525	\$ 100,377	\$ 41,914	-	-	\$ 41,914
Brooks Elementary	4,334	50,706	45,669	9,371	-	-	9,371
Bullitt Central High	111,544	291,422	285,967	116,999	-	-	116,999
Bullitt East High	178,514	703,516	730,472	151,558	114	4,726	146,946
Bullitt Lick Middle	23,424	100,695	98,265	25,854	-	-	25,854
Cedar Grove Elementary	58,651	58,178	71,370	45,459	-	-	45,459
Crossroads Elementary	22,246	65,852	60,284	27,814	-	621	27,193
Eastside Middle	18,556	190,584	189,271	19,869	-	-	19,869
Freedom Elementary	24,131	22,632	36,803	9,960	-	-	9,960
Hebron Middle	29,522	96,179	88,118	37,583	-	-	37,583
Lebanon Junction Elementary	12,074	64,153	67,468	8,759	-	-	8,759
Maryville Elementary	20,416	20,012	18,149	22,279	-	-	22,279
Mt. Washington Elementary	15,856	64,661	73,937	6,580	-	-	6,580
Mt. Washington Middle	70,721	133,721	158,779	45,663	-	215	45,448
Nichols Elementary	2,135	22,671	22,118	2,688	-	-	2,688
North Bullitt High	84,587	322,288	318,615	88,260	-	1,673	86,587
Old Mill Elementary	36,670	64,602	79,941	21,331	-	-	21,331
Overdale Elementary	22,447	67,012	65,226	24,233	-	-	24,233
Pleasant Grove Elementary	9,735	43,854	42,208	11,381	-	-	11,381
Roby Elementary	9,774	30,513	33,532	6,755	-	-	6,755
Shepherdsville Elementary	9,423	42,662	44,968	7,117	-	-	7,117
Zoneton Middle	17,650	63,571	69,022	12,199	-	-	12,199
	<u>\$ 820,176</u>	<u>\$ 2,624,009</u>	<u>\$ 2,700,559</u>	<u>\$ 743,626</u>	<u>\$ 114</u>	<u>\$ 7,235</u>	<u>\$ 736,505</u>

**BULLITT COUNTY SCHOOL DISTRICT**

**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

**BULLITT CENTRAL HIGH SCHOOL**

**YEAR ENDED JUNE 30, 2017**

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Agriculture	\$ 67	825	353	\$ 539	-	-	\$ 539
Anatomy	45	-	-	45	-	-	45
Animal Science	-	-	-	-	-	-	-
Annual	8,895	6,185	7,099	7,981	-	-	7,981
AP Biology Class Labs	46	215	174	87	-	-	87
AP English	572	-	156	416	-	-	416
AP Environmental Class	488	90	-	578	-	-	578
Archery Club	7,520	28,800	32,306	4,014	-	-	4,014
Art Class Fees	-	380	40	340	-	-	340
Athletes-Cokes	517	11,289	6,799	5,007	-	-	5,007
Athletics	1,508	11,733	10,424	2,817	-	-	2,817
B.C. Music	366	1,598	1,906	58	-	-	58
Background Checks	-	50	40	10	-	-	10
Baseball	114	3,362	3,476	-	-	-	-
Basketball- Boys	2,769	9,023	10,760	1,032	-	-	1,032
Best Buddies	-	274	212	62	-	-	62
Beta Club	2,394	14,160	13,093	3,461	-	-	3,461
Biology Lab Fee	2,553	660	720	2,493	-	-	2,493
Bowling	128	152	187	93	-	-	93
Boys Golf	230	26	40	216	-	-	216
Boys Soccer	2,244	3,505	4,411	1,338	-	-	1,338
Business	-	-	-	-	-	-	-
Cheerleading	227	569	501	295	-	-	295
Chemistry Club	-	-	-	-	-	-	-
Chemistry Student Lab Fees	3,224	785	2,217	1,792	-	-	1,792
Choir	1,558	13,438	13,114	1,882	-	-	1,882
Construction Class Fee	-	-	-	-	-	-	-
Costa Rica Trip	-	-	-	-	-	-	-
Cougar Creations	166	262	130	298	-	-	298
District Chromebooks	-	31,910	31,910	-	-	-	-
District Tournament Host Sch	-	3,520	3,415	105	-	-	105
Drama Club	9,556	7,758	5,746	11,568	-	-	11,568
Engineering & Tech	-	-	-	-	-	-	-
English Class Fee	-	-	-	-	-	-	-
Environmental Club	-	-	-	-	-	-	-
FACS - Food/Nutrition	597	2,400	2,798	199	-	-	199
FBLA	538	4,595	5,130	3	-	-	3
FCCLA	190	185	302	73	-	-	73
Fellowship of Christian Athletes	-	-	-	-	-	-	-
FFA	1,925	6,469	7,962	432	-	-	432
Field Trip	727	3,455	4,105	77	-	-	77
Floral Design	393	-	-	393	-	-	393
Football	310	26,376	26,648	38	-	-	38
Forensic Class Lab	470	170	-	640	-	-	640
Fund 22	-	1,113	1,113	-	-	-	-
G and B Cross Country	1,257	4,482	2,073	3,666	-	-	3,666
Garden Sales	-	-	-	-	-	-	-
General	587	538	460	665	-	-	665
Girls Basketball	1,045	5,033	5,753	325	-	-	325
Girls Golf Team	1,813	121	1,092	842	-	-	842
Girls Soccer	1,355	1,873	1,689	1,539	-	-	1,539
Green House	7,693	8,659	3,754	12,598	-	-	12,598
Guidance Office	871	19,129	18,875	1,125	-	-	1,125
Hall of Fame	2,116	776	1,106	1,786	-	-	1,786
Health Science Class Fee	78	8,198	6,273	2,003	-	-	2,003
HOSA	550	-	-	550	-	-	550
Homecoming Activities	637	224	688	173	-	-	173
IC Class Fee	235	90	197	128	-	-	128

**BULLITT COUNTY SCHOOL DISTRICT**

**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

**BULLITT CENTRAL HIGH SCHOOL- CONCLUDED**

**YEAR ENDED JUNE 30, 2017**

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Insurance	-	-	-	-	-	-	-
Integrated Chemistry	929	255	268	916	-	-	916
Journalism	-	-	-	-	-	-	-
Junior Class	7,658	20,019	14,431	13,246	-	-	13,246
Kycid Student	307	1,348	1,098	557	-	-	557
Kycid-Non Student	-	-	-	-	-	-	-
Landscape Class Fee	-	-	-	-	-	-	-
Library	649	1,196	1,073	772	-	-	772
Math Fees	2,694	1,889	871	3,712	-	-	3,712
Mechanics	-	-	-	-	-	-	-
Morning Report	-	-	-	-	-	-	-
National Honor Society	2,897	992	1,850	2,039	-	-	2,039
Nonstudent Generated	4,430	2,293	4,655	2,068	-	-	2,068
Outdoor	-	-	-	-	-	-	-
Parking Lot	3,363	4,797	8,120	40	-	-	40
PEP Club	-	-	-	-	-	-	-
Physics Class Fee	150	210	-	360	-	-	360
Piano Guit Class Fee	-	-	-	-	-	-	-
Posters	25	42	-	67	-	-	67
Practical Living Class	-	-	-	-	-	-	-
Pride Academy	-	-	-	-	-	-	-
Regional Tournaments	-	1,069	1,069	-	-	-	-
Robotics	375	600	85	890	-	-	890
ROTC	10,258	1,978	2,032	10,204	-	-	10,204
ROTC Scabbard	5,776	3,688	2,178	7,286	-	-	7,286
SADD	-	-	-	-	-	-	-
School Pictures	-	-	-	-	-	-	-
Science Club	-	-	-	-	-	-	-
Science/Pride Academy	-	-	-	-	-	-	-
Senior Dues	3,032	4,361	7,393	-	-	-	-
Senior English	-	-	-	-	-	-	-
Senior Portrait	-	199	199	-	-	-	-
Softball	-	2,264	2,264	-	-	-	-
Sophomore Account	-	-	-	-	-	-	-
Spanish Club	10	-	-	10	-	-	10
Special Ed	243	215	235	223	-	-	223
Speech	-	-	-	-	-	-	-
Student Government	-	-	-	-	-	-	-
Teachers	-	-	-	-	-	-	-
Technology	-	-	-	-	-	-	-
Tennis	153	133	205	81	-	-	81
Textbooks Lost	-	-	-	-	-	-	-
Track	-	75	-	75	-	-	75
Volleyball	8	3,253	2,758	503	-	-	503
Wood Shop	-	20	-	20	-	-	20
Wrestling	13	1,062	927	148	-	-	148
Sub Total	\$ 111,544	\$ 296,413	\$ 290,958	\$ 116,999	\$ -	\$ -	\$ 116,999
Interfund Transfers	-	4,991	4,991	-	-	-	-
Total	\$ 111,544	\$ 291,422	\$ 285,967	\$ 116,999	\$ -	\$ -	\$ 116,999

**BULLITT COUNTY SCHOOL DISTRICT**
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**
**BULLITT EAST HIGH SCHOOL**
**YEAR ENDED JUNE 30, 2017**

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Academic Team	\$ 107	\$ 174	\$ 98	\$ 183	\$ -	\$ -	\$ 183
Annual	3,813	21,331	21,868	3,276	-	-	3,276
Archery	997	12,463	12,517	943	-	-	943
Art Class	-	700	700	-	-	-	-
Art Club	281	1,240	947	574	-	-	574
Art/Humanities	29	585	614	-	-	-	-
Athletics	4,045	6,096	7,855	2,286	-	48	2,238
Assembly	-	1,096	1,000	96	-	-	96
Attendance	-	-	-	-	-	-	-
Background Checks	10	160	150	20	-	-	20
Band	530	8,786	8,079	1,237	-	3,394	(2,157)
Baseball	8,370	84,634	85,936	7,068	-	-	7,068
Basketball- Boys	16,669	41,111	48,603	9,177	-	-	9,177
Basketball- Girls	10,814	37,596	43,118	5,292	-	-	5,292
Bass Fishing Club	2,406	6,583	8,575	414	-	-	414
Beta Club	505	3,200	2,601	1,104	-	-	1,104
Beta Scholarships	19	13,188	12,748	459	-	-	459
Biology	17	4,001	4,018	-	-	-	-
Bowling	96	-	-	96	-	-	96
Business & Office	1,730	-	1,730	-	-	-	-
Career Seminar Class	-	-	-	-	-	-	-
Charger Camp	12,253	9,234	13,582	7,905	-	-	7,905
Cheerleaders	18,183	63,410	69,740	11,853	-	-	11,853
Chemistry	878	2,475	3,353	-	-	-	-
Chorus	4,542	7,376	7,407	4,511	-	-	4,511
Coke	3,336	6,789	4,063	6,062	-	-	6,062
Concessions	-	-	-	-	-	-	-
Cross Country	3,098	11,185	12,550	1,733	-	-	1,733
Dance	36	-	-	36	-	-	36
District Activity	-	-	-	-	-	-	-
District Chromebooks	-	38,420	38,420	-	-	-	-
Drama Club	3,092	4,209	4,765	2,536	-	-	2,536
Early Childhood	167	800	967	-	-	-	-
East Regional Music Festival	1,129	2,671	3,779	21	-	-	21
Ecology Club	-	40,111	39,936	175	-	474	(299)
Engineering Club	388	1,195	1,483	100	-	-	100
English	128	4,684	4,812	-	-	-	-
Faculty Lounge	670	648	403	915	-	-	915
Family Consumer Science	175	1,895	1,773	297	-	-	297
FBLA	2,349	14,698	14,317	2,730	-	-	2,730
FCA	252	832	880	204	-	-	204
FCCLA	311	5,704	5,733	282	-	-	282
FFA	1,017	16,157	17,174	-	-	-	-
FFA-Greenhouse	-	3,147	-	3,147	-	-	3,147
Field Trips	784	90	590	284	-	-	284
Football	19,212	54,949	65,268	8,893	-	-	8,893
Foreign Language	-	-	-	-	-	-	-
Freshman	32	5,055	5,077	10	-	-	10
Future Educators	40	-	-	40	-	-	40
General	3,992	1,758	819	4,931	-	-	4,931
Golf- Boys	2,861	20,303	20,708	2,456	-	-	2,456
Golf- Girls	3,560	8,150	7,123	4,587	-	-	4,587
Guidance	4,835	34,656	31,507	7,984	-	-	7,984
HSB	1,465	-	189	1,276	-	-	1,276
Journalism	-	5,648	5,648	-	-	-	-
Jr. Beta	-	-	-	-	-	-	-
Junior Class	1,501	27,950	27,951	1,500	-	-	1,500
KUNA	-	-	-	-	-	-	-
Library	15	1,541	1,541	15	-	-	15
Math	1	-	-	1	-	-	1
MSD	260	1,332	1,320	272	-	-	272
Student Government	2,557	6,952	8,467	1,042	-	-	1,042

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

BULLITT EAST HIGH SCHOOL- CONCLUDED

YEAR ENDED JUNE 30, 2017

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Media	1	-	-	1	-	-	1
NHS - National Honor Society	3,523	3,171	3,643	3,051	-	-	3,051
NHS Scholarships	1	2,340	2,312	29	-	-	29
Parking Permits	2,221	7,654	4,302	5,573	-	-	5,573
PE Class	395	779	1,164	10	-	-	10
Physics	3	270	273	-	-	-	-
Pictures	202	559	-	761	-	-	761
Project Unify	-	1,627	510	1,117	-	-	1,117
Rachel Challenge	430	94	-	524	-	-	524
Relay for Life	-	125	125	-	-	-	-
ROTC	267	8,391	8,533	125	114	-	239
RZR Club	431	978	611	798	-	-	798
Science	755	2,040	2,795	-	-	-	-
Sci-Fi Club	47	1,724	1,722	49	-	-	49
Senior Class	14,760	9,840	11,635	12,965	-	-	12,965
Senior Trip	-	16,873	16,871	2	-	-	2
Soccer- Boys	1,230	8,480	7,850	1,860	-	810	1,050
Soccer- Girls	2,113	8,709	3,617	7,205	-	-	7,205
Softball	1,243	7,366	7,822	787	-	-	787
Spanish Club	-	-	-	-	-	-	-
Sweats Day	982	-	982	-	-	-	-
Tennis- Boys	546	2,022	1,646	922	-	-	922
Tennis- Girls	89	-	60	29	-	-	29
Textbook Fines	294	-	294	-	-	-	-
Track	1,334	2,984	1,787	2,531	-	-	2,531
UFE	420	-	-	420	-	-	420
Volleyball	933	8,095	5,760	3,268	-	-	3,268
Wrestling	2,737	3,069	4,298	1,508	-	-	1,508
Zoology	-	-	-	-	-	-	-
	<u>\$ 178,514</u>	<u>\$ 744,158</u>	<u>\$ 771,114</u>	<u>\$ 151,558</u>	<u>\$ 114</u>	<u>\$ 4,726</u>	<u>\$ 146,946</u>
Interfund Transfers	-	40,642	40,642	-	-	-	-
TOTAL	<u>\$ 178,514</u>	<u>\$ 703,516</u>	<u>\$ 730,472</u>	<u>\$ 151,558</u>	<u>\$ 114</u>	<u>\$ 4,726</u>	<u>\$ 146,946</u>

**BULLITT COUNTY SCHOOL DISTRICT**
**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**
**NORTH BULLITT HIGH SCHOOL**
**YEAR ENDED JUNE 30, 2017**

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
Academic Team	\$ 2,950	\$ 300	\$ 483	\$ 2,767	\$ -	\$ -	\$ 2,767
Access 24 - Chromebooks	-	31,888	31,818	70	-	-	70
Allied Health	116	3,217	3,269	64	-	-	64
Annual	19,666	10,435	7,835	22,266	-	-	22,266
AP Exams	-	-	-	-	-	-	-
Archery	159	7,892	7,887	164	-	-	164
Art History	355	2,320	2,209	466	-	-	466
Athletic Program	3,925	15,464	15,162	4,227	-	-	4,227
Background Checks	-	120	120	-	-	-	-
Baseball	1,002	12,712	9,799	3,915	-	1,430	2,485
Basketball- Boys	2,947	9,065	10,159	1,853	-	-	1,853
Basketball- Girls	-	9,780	8,467	1,313	-	-	1,313
Beta Club	176	1,670	1,586	260	-	-	260
Bowling	373	28	380	21	-	-	21
Boy's Soccer	593	1,990	1,965	618	-	-	618
Boy's Track	138	-	-	138	-	-	138
Business Department	-	-	-	-	-	-	-
Cheerleaders	4,299	3,266	7,406	159	-	-	159
Chess	625	2,294	2,167	752	-	-	752
Choir	-	-	-	-	-	-	-
Class of 2016	-	-	-	-	-	-	-
Class of 2017	16,926	68,905	73,277	12,554	-	-	12,554
Class of 2018	-	21,185	17,248	3,937	-	-	3,937
Class of 2019	-	-	-	-	-	-	-
Color Guard	-	10,352	8,693	1,659	-	-	1,659
Counselors	2,252	20,507	17,735	5,024	-	-	5,024
Cross Country	-	1,080	360	720	-	-	720
Culture Club	1,566	1,349	1,301	1,614	-	-	1,614
Dance Team	272	-	-	272	-	-	272
DECA	18	7	-	25	-	-	25
Drama	1,573	3,430	4,215	788	-	218	570
Family Consumer Science	46	2,890	2,474	462	-	-	462
FBLA	5	1,531	1,332	204	-	-	204
FCCLA	176	195	-	371	-	-	371
FEA	684	-	-	684	-	-	684
Field Trip	-	-	-	-	-	-	-
FMD	197	-	197	-	-	-	-
Football	86	28,193	28,167	112	-	-	112
Fund 22	184	10,863	11,023	24	-	-	24
General Fund	219	134	352	1	-	-	1
Girl's Soccer	2,479	4,362	4,939	1,902	-	-	1,902
Girl's Track	13	-	-	13	-	-	13
Golf - Boys	95	-	-	95	-	-	95
Golf - Girls	1,033	-	620	413	-	-	413
International Club	271	-	-	271	-	-	271
JROTC	6,124	16,249	15,814	6,559	-	-	6,559
Kentucky College Coaches	28	-	28	-	-	-	-
Language Arts	392	-	78	314	-	-	314
Library	105	15	15	105	-	-	105
Local History Club	-	323	104	219	-	-	219
Lockers-Student	11	-	-	11	-	-	11
Lumberjack Club	36	-	35	1	-	-	1
Math	905	390	390	905	-	-	905

**BULLITT COUNTY SCHOOL DISTRICT**

**SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES**

**NORTH BULLITT HIGH SCHOOL- CONCLUDED**

**YEAR ENDED JUNE 30, 2017**

NAME OF ACTIVITY	CASH BALANCES July 1, 2016	RECEIPTS	DISBURSE- MENTS	CASH BALANCES June 30, 2017	RECEIVABLES June 30, 2017	ACCOUNTS PAYABLE June 30, 2017	DUE TO STUDENT GROUPS June 30, 2017
National Honor Society	250	616	839	27	-	-	27
NBHS Band	761	-	154	607	-	-	607
NBHS Family	274	150	65	359	-	-	359
North Area Music	2,336	-	75	2,261	-	-	2,261
PBIS/RTI	176	-	-	176	-	-	176
Pep Club	-	-	-	-	-	-	-
Psychology	-	-	-	-	-	-	-
Science	281	2,940	2,079	1,142	-	25	1,117
Senior Class	-	-	-	-	-	-	-
Social Studies	105	325	320	110	-	-	110
Softball	1,945	5,232	3,428	3,749	-	-	3,749
Speech and Debate	12	-	-	12	-	-	12
Sports Marketing	27	-	14	13	-	-	13
Start-Up	-	2,000	2,000	-	-	-	-
Student Fees	-	-	-	-	-	-	-
Swim Team	1,290	683	1,902	71	-	-	71
Teacher Fund	207	1,128	1,004	331	-	-	331
Tennis	79	-	60	19	-	-	19
Visual Arts Department	19	162	101	80	-	-	80
Volleyball	3,805	5,155	8,127	833	-	-	833
Wrestling	-	469	311	158	-	-	158
Subtotal	\$ 84,587	\$ 323,261	\$ 319,588	\$ 88,260	\$ -	\$ 1,673	\$ 86,587
Interfund Transfers	-	973	973	-	-	-	-
<b>TOTAL</b>	<b>\$ 84,587</b>	<b>\$ 322,288</b>	<b>\$ 318,615</b>	<b>\$ 88,260</b>	<b>\$ -</b>	<b>\$ 1,673</b>	<b>\$ 86,587</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**BULLITT COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2017

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Cluster -			
Passed Through State Department of Education:			
National School Lunch	10.555	7750002-16	\$ 607,993
		7750002-17	2,281,332
School Breakfast Program	10.553	7760005-16	92,164
		7760005-17	892,390
Summer Food Service Program for Children	10.559	7690024-17	3,715
		7740023-16	35,852
		7740023-17	62,983
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	411,819
<b>TOTAL CHILD NUTRITION CLUSTER</b>			<b>4,388,248</b>
Passed Through State Department of Education:			
Child Nutrition Discretionary Grants Limited Availability	10.579	7840027-14	37,403
<b>TOTAL U.S. DEPT. OF AGRICULTURE</b>			<b>4,425,651</b>
<u>U.S. DEPARTMENT OF DEFENSE</u>			
National Guard Civilian Youth Opportunities	12.000	504C	166,743
<b>TOTAL U.S. DEPT. OF DEFENSE</b>			<b>166,743</b>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed Through State Department of Energy			
State Energy Program	81.041	569C	11,957
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<b>11,957</b>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Special Education Cluster -			
Passed Through State Department of Education:			
Special Education - Grants to States	84.027	3371	(13)
		3376	133
		337B	536,256
		337BP	11,005
		337C	2,087,385
			<b>2,634,766</b>
Special Education - Preschool Grants	84.173	343C	75,746
			<b>75,746</b>
<b>TOTAL SPECIAL EDUCATION CLUSTER</b>			<b>2,710,512</b>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>			
Passed Through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	310AM	1,432
		310B	604,012
		310BM	29,674
		310BQ	(3,267)
		310C	1,367,740
		310CM	87,612
			<b>2,087,203</b>

The accompanying notes are an integral part of this schedule.

**BULLITT COUNTY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONCLUDED**

**YEAR ENDED JUNE 30, 2017**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR'S IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Title I State Agency Program for Neglected and Delinquent Children	84.013	313C	17,179
			<u>17,179</u>
Vocational Education - Basic Grants to States	84.048	348B	2,040
		348BA	4,743
		348C	85,153
			<u>91,936</u>
Twenty-First Century Community Learning Centers	84.287	550A	105,893
		550B	163,527
		550BJ	2,000
		550BU	15,464
			<u>286,884</u>
Improving Teacher Quality - State Grants	84.367	401B	95,965
		401C	235,443
			<u>331,408</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>5,525,122</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through State Department of Education: Substance Abuse and Mental Health Programs - Projects of Regional and National Significance	93.243	0127	31,807
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>31,807</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,161,280</u>

The accompanying notes are an integral part of this schedule.

## **BULLITT COUNTY SCHOOL DISTRICT**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2017

#### **NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bullitt County School District under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bullitt County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Bullitt County School District.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

#### **NOTE C – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received.

#### **NOTE D – INDIRECT COST RATE**

The District has elected to not use the 10 percent de minimum indirect cost rate allowed under the Uniform Guidance.

#### **NOTE E – SUBRECIPIENTS**

There were no subrecipients during the fiscal year.

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**BULLITT COUNTY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2017**

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**Section I-Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified?   X  yes       no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?       yes   X  none reported

Noncompliance material to financial statements noted?

      yes   X  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?       yes   X  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?       yes   X  none reported

Type of auditor's report issued on compliance for major programs (unmodified):

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

      yes   X  no

Identification of major programs:

CFDA Number	Federal Program or Cluster
	<b>DEPARTMENT OF AGRICULTURE</b>
10.553/10.555/10.559	Child Nutrition Cluster
	<b>DEPARTMENT OF EDUCATION</b>
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish  
Between type A and type B programs:

\$   750,000  

Auditee qualified as low-risk auditee?       yes   X  no

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## Section II – Financial Statement Findings

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### MATERIAL WEAKNESSES

#### REFERENCE NUMBER 2017-001 ADJUSTMENTS

**Criteria:** The District's management is responsible for establishing and maintaining internal controls for the proper recording of all the District's accounting transactions.

**Condition:** As part of the audit we proposed material adjustments to the financial statements

**Cause:** The District did not identify items to be corrected.

**Effect:** The design of the internal controls identifying adjustments did not prevent material adjustments.

**Recommendation:** We recommend District management and financial personnel review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items.

**Views of Responsible Officials and Planned Corrective Actions:** Management will review the procedures and processes involved in recording journal entries and enhance its internal control policies to ensure proper recording of these items by November 15, 2017.

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## Section III – Federal Award Findings and Questioned Costs

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No matters were reported.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

## **BULLITT COUNTY SCHOOL DISTRICT**

### **SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2017

#### **FINDING 2016-001 – MATERIAL WEAKNESS – ADJUSTMENTS**

*Condition* This finding was a material weakness stating that material adjustments were required to the financial statements.

*Recommendation:* The auditor recommended that the District review its procedures to ensure all adjustments are made to the financial statements.

*Current Status:* The finding was included as a material weakness in the June 30, 2017 audit at finding 2017-001.

DEPARTMENT OF AGRICULTURE  
DEPARTMENT OF EDUCATION

#### **FINDING 2016-002**

Child Nutrition Cluster – CFDA No. 10.553 (School Breakfast Program), 10.555 (National School Lunch Program) and 10.559 (Summer Food Service Program for Children) – Grant period – Year ending June 30, 2016

Title I – Grants to Local Educational Agencies – CFDA No. 84.010 – Grant period – Year ending June 30, 2016

#### **Material Weakness – Written Procedures**

*Condition* This finding was a material weakness stating that the District did not have written policies and procedures for payments, procurement, allowability of costs, compensation and travel costs for federal funds as required by the Uniform Guidance.

*Recommendation:* The auditor recommended that the District adopt these procedures.

*Current Status:* The District implemented procedures. No similar findings were noted in the June 30, 2017 audit.

**INDEPENDENT AUDITOR'S  
REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**



CHRIS R. CARTER, CPA  
ANN M. FISHER, CPA  
SCOTT KISSELBAUGH, CPA  
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BRIAN S. WOOSLEY, CPA

STILES, CARTER & ASSOCIATES  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Kentucky State Committee for School District Audits  
Members of the Board of Education  
Bullitt County School District  
Shepherdsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Bullitt County School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Bullitt County School District's basic financial statements, and have issued our report thereon dated November 9, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bullitt County School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bullitt County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract*.

We noted certain matters that we reported to management of Bullitt County School District in a separate letter dated November 9, 2017.

## **Bullitt County School District's Response to Findings**

Bullitt County School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bullitt County School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Elizabethtown, Kentucky  
November 9, 2017

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**



CHRIS R. CARTER, CPA  
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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE  
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Kentucky State Committee for School District Audits  
Members of the Board of Education  
Bullitt County School District  
Shepherdsville, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited Bullitt County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bullitt County School District's major federal programs for the year ended June 30, 2017. Bullitt County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Bullitt County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bullitt County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bullitt County School District's compliance.

## Opinion on Each Major Federal Program

In our opinion, Bullitt County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of Bullitt County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bullitt County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bullitt County School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Elizabethtown, Kentucky  
November 9, 2017

## **MANAGEMENT LETTER AND COMMENTS**



CHRIS R. CARTER, CPA  
ANN M. FISHER, CPA  
SCOTT KISSELBAUGH, CPA  
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Members of the Board of Education  
Bullitt County School District  
Shepherdsville, Kentucky

In planning and performing our audit of the basic financial statements of Bullitt County School District for the year ended June 30, 2017, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated November 9, 2017, contains our report on the District's internal control. This letter does not affect our report dated November 9, 2017, on the financial statements of the Bullitt County School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and their implementation is currently being reviewed. We will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of management, the members of the Bullitt County Board of Education, others within the District, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Stiles, Carter &amp; Associates".

Certified Public Accountants  
Elizabethtown, Kentucky  
November 9, 2017

## BULLITT COUNTY SCHOOL DISTRICT

### COMMENTS

June 30, 2017

### PRIOR YEAR UNCORRECTED COMMENTS

#### CEDAR GROVE ELEMENTARY SCHOOL

##### FUNDRAISERS

We noted that the Fundraiser Approval Forms (F-SA-6) that were submitted for the PJ Day and Book Fair Fundraisers were not dated by the principal when they were approved. Therefore, we were unable to determine if the fundraisers were held before they were approved by the school's principal.

##### MANAGEMENT RESPONSE

Upon approval of fundraisers, the principal will sign and date the documents. The bookkeeper will monitor the documentation to ensure the forms are properly signed and dated. The district will conduct a follow-up review in the first quarter of 2018 to ensure compliance.

##### PURCHASE ORDER FORM

We noted that check #1242, dated 08/18/2016, and written to Watch Dogs in the amount of \$69.78 from the Family Resource Center Fund had an attached Purchase Order Form (F-SA-7) that was dated 08/18/2016 and an invoice dated 08/08/2016. Redbook requires that Purchase Order Forms be submitted for approval before the purchase is made.

We noted that check #1260, dated 08/31/2016, and written to Kleentech in the amount of \$960.08 from the Memory Books Fund had an attached Purchase Order Form (F-SA-7) that was dated 08/31/2016 and an invoice dated 07/14/2016. Redbook requires that Purchase Order Forms be submitted for approval before the purchase is made.

##### MANAGEMENT RESPONSE

No payments will be provided for invoices unless a purchase order is requested in advance. The district will conduct a follow-up review in the first quarter of 2018 to ensure compliance.

### CURRENT YEAR COMMENTS

#### CEDAR GROVE ELEMENTARY SCHOOL

##### CANCELLATION OF INVOICES

We noted that neither the Purchase Order Forms (F-SA-7) or the invoices for any of the disbursements chosen for review were marked as being paid. Redbook requires that either the invoice or the Purchase Order Form be cancelled to avoid duplicate payment.

##### MANAGEMENT RESPONSE

The bookkeeper will ensure the invoices and purchase order forms are properly marked as being paid. The school does have a "Paid" stamp which will be utilized.

##### UNALLOWABLE PURCHASE

We noted that check #1260, dated 08/31/2016, and written to Kleentech in the amount of \$960.08 from the Memory Books Fund was for the purchase of area rugs and the cleaning of the library carpet. Redbook disallows the purchase of operational and maintenance expenses from student activity funds.

##### MANAGEMENT RESPONSE

Operational and maintenance expenses will not be paid from student activity funds.

## **CROSSROADS ELEMENTARY SCHOOL**

### **ANNUAL FINANCIAL REPORT**

We noted that the Annual Financial Report was not signed by the bookkeeper or principal. The Annual Financial Report was not on file at the Board of Education as of 8/14/2017. 7. Redbook requires the Annual Financial Report to be signed by the bookkeeper and principal by July 25<sup>th</sup>.

### **MANAGEMENT RESPONSE**

The bookkeeper will have the Annual Financial Report printed on or before July 25<sup>th</sup> to ensure the principal and bookkeeper sign the report and provide the report to the appropriate parties.

### **EXTERNAL SUPPORT/BOOSTER CLUBS**

We noted during review of external support/booster clubs that there was not a budget for school year 2016-2017 on file for Crossroads Elementary PTA. Redbook requires a budget for each external support/booster club for the school.

### **MANAGEMENT RESPONSE**

Crossroads Elementary PTA will provide a budget for each school year as required by Redbook and retained as required.

### **FUNDRAISERS**

We noted during review of the Winterfest fundraiser that the Requisition and Report of Ticket Sales (F-SA-1) was not properly completed. The ticket seller did not initial in columns C and E. The sales/cash reconciliation was also not completed. Redbook requires the Requisition and Report of Ticket Sales (F-SA-1) to be properly completed in its entirety.

### **MANAGEMENT RESPONSE**

A review of the Requisition and Report of Ticket Sales forms will be conducted to ensure the documents are completed in their entirety.

## **LEBANON JUNCTION ELEMENTARY SCHOOL**

### **FUNDRAISERS**

We noted during review of fundraisers that the Book Fair fundraiser and the Student Snacks fundraiser did not have an applicable Fundraiser Worksheet (F-SA-2B) filled out. Redbook requires both of these types of fundraisers to have a properly completed Fundraiser Worksheet (F-SA-2B).

### **MANAGEMENT RESPONSE**

Fundraiser forms will be reviewed with applicable staff. Timelines for Redbook form submission will be created and communicated with staff to ensure forms are submitted in a timely manner following each fundraiser. The bookkeeper and principal will review all fundraiser forms for accuracy. The bookkeeper will work with other bookkeepers in the county to learn Redbook processes and expectations, as she is new to the role. The district provides an annual mandatory Redbook training in August. The district also provides bi-monthly bookkeeper meetings to review issues pertaining to the bookkeeper functions.

## **MARYVILLE ELEMENTARY SCHOOL**

### **EXTERNAL SUPPORT/BOOSTER CLUBS**

We noted that there was not a properly completed Annual Financial Report on file for school year 2016-2017. The report did not include beginning and ending cash balances, or revenues and expenses by category.

### **MANAGEMENT RESPONSE**

A properly completed Annual Financial Report will include the appropriate beginning and ending cash balances, revenues, and expenses by category.

## **NICHOLS ELEMENTARY SCHOOL**

### **FUNDRAISERS**

We noted that the Mountain Empire Fundraiser had applicable F-SA forms that were not properly completed. The Fundraiser Worksheet (F-SA-2B) was not filled out. There was a note on the worksheet to see an attachment. The attachment only showed receipt/expense dates and amounts. Redbook requires the Fundraiser Worksheet to be properly completed in its entirety.

We noted that the Bookfair Fundraiser had applicable F-SA forms that were not properly completed. There was not an applicable Fundraiser Worksheet (F-SA-2B). Redbook requires bookfair fundraisers to have applicable Sales Collection Forms (F-SA-17) and a Fundraiser Worksheet (F-SA-2B) properly completed.

### **MANAGEMENT RESPONSE**

The Fundraiser Worksheet (F-SA-2B) will be completed in its entirety for each fundraiser.

## **OLD MILL ELEMENTARY SCHOOL**

### **ANNUAL FINANCIAL REPORT**

We noted during review of the Annual Financial Report that the Student School Fees account ending the 2016-2017 school year with a balance of \$(21.67). Redbook requires the general activity account to cover account deficits by June 30.

### **MANAGEMENT RESPONSE**

At the close of the fiscal year, a negative balance of \$21.67 was reflected in the Student School Fees account. In the future, a fund transfer to eliminate the negative balance by the end of June 30 will be completed.

### **EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS**

We noted during review of Old Mill Elementary PTO Club that there was not an Annual Financial Report on file for school year 2016-2017. An Annual Financial Report for school year 2015-2016 was present. Redbook requires external support/booster organizations to submit an annual financial report for the fiscal year ending June 30 to the principal by July 15. The annual financial report shall contain, at a minimum, cash beginning balance, cash ending balance, and revenues and expenditures by category.

### **MANAGEMENT RESPONSE**

The Annual Financial Report for 2015-16 was provided to the auditors instead of the Annual Financial Report for 2016-17. A request was made to the PTO to provide the 2016-17 Annual Financial Report.

### **FUNDRAISERS**

We noted during review of the Bookfair fundraiser that the applicable F-SA forms were not properly completed. Receipts were supported with Multiple Receipt Forms (F-SA-6). Redbook requires Bookfair fundraisers to be supported with the Fundraiser Approval Form (F-SA-2A), Fundraiser Worksheet (F-SA-2B) and Sales Collection Form (F-SA-17).

### **MANAGEMENT RESPONSE**

Bookfair fundraisers will be recorded correctly on the appropriate forms.

## **OLD MILL ELEMENTARY SCHOOL – CONTINUED**

### **RECEIPTS**

We noted during review of receipts that on 9/20/2016, receipt #78503 was received in cash in the amount of \$300.00 with memo, "bib donations" and was deposited into the Family Resource Center account. This transaction was supported with a Multiple Receipt Form (F-SA-6). Redbook requires funds received as donations to be supported with the Donation Acceptance Form (F-SA-18), stating the purpose of and any restrictions on the funds received.

### **MANAGEMENT RESPONSE**

A Donation Acceptance Form was not completed. In the future, all donations will be properly reflected on a Donation Acceptance Form.

## **OVERDALE ELEMENTARY SCHOOL**

### **DONATION ACCEPTANCE FORM**

Upon review of deposits, we noted that the deposit made on 08/24/2016, in the amount of \$160.00 was for the receipt of a \$160.00 donation that was deposited into the FCA Fund. However, there was not a Donation Acceptance Form (F-SA-18) on file to state the purpose of and any restrictions on the funds received. Therefore, we were unable to determine if the funds were properly deposited.

### **MANAGEMENT RESPONSE**

A deposit made on 08/24/2016 for \$160 was an anonymous donation for the FCA Fund. A Donation Acceptance Form was not completed. In the future, all anonymous donations will be properly reflected on a Donation Acceptance Form.

## **PLEASANT GROVE ELEMENTARY SCHOOL**

### **ANNUAL FINANCIAL REPORT**

We noted that the Annual Financial Report (F-SA-15A) that was on file for the 2016-2017 school year was signed by the school's principal and bookkeeper as being approved on 08/03/2017. Redbook requires that the Annual Financial Report be submitted to the board by July 25<sup>th</sup>.

### **MANAGEMENT RESPONSE**

The principal and bookkeeper will submit the Annual Financial Report by July 25<sup>th</sup> of each year.

## **ROBY ELEMENTARY SCHOOL**

### **FUNDRAISER**

Upon review of fundraisers, we noted that the following documentation was on file for the Book Fair fundraiser that was held during the 2016-2017 school year: Fundraiser Approval (F-SA-2A) and Sales Collection Forms (F-SA-17). Redbook requires that a completed Fundraiser Worksheet (F-SA-2B) be on file for Book Fair fundraisers.

### **MANAGEMENT RESPONSE**

Although Redbook requires a completed Fundraiser Worksheet (F-SA-2B), the book fair fundraiser was conducted by the book fair company. The school did not touch the books or money; the company sends the school a check for a portion of the total sales. In the future, a Fundraiser Worksheet will be completed with the information available to the school for the fundraiser.

## **SHEPHERDSVILLE ELEMENTARY SCHOOL**

### **EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS**

Upon review of the external support/booster organizations, we noted that the Annual Financial Report (F-SA-15A) that was on file for PTO for the 2016-2017 fiscal year did not include the beginning or ending balances for cash. Redbook requires the annual financial reports submitted to the principal by the external support/booster organizations contain, at a minimum, cash beginning balance, cash ending balance, and revenues and expenditures by category.

### **MANAGEMENT RESPONSE**

The audit finding indicated that neither beginning, nor ending balances were reflected. However, the school noted that ending balances were actually listed for each sub account by the former PTO Treasurer. The school does acknowledge that beginning balances were not correctly noted. The principal and bookkeeper met with current PTO Officers to discuss and review the yearly audit requirements for the PTO. The principal and bookkeeper also discussed the requirements of the Annual Financial Report. An example was provided to assist in producing the PTO Annual Financial Report for 2017-18.

## **BERNHEIM MIDDLE SCHOOL**

### **EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS**

Upon review of the documentation submitted for the External Booster Clubs that were active during the 2016-2017 school year, we noted that there was not an annual External Support/Booster Organization Budget Worksheet (F-SA-4B) on file for the BMS Girls' Volleyball Booster Club or the Bernheim PTSA. Redbook requires that an annual External Support/Booster Organization Budget Worksheet be submitted to the principal within the first thirty days of the schools year or within thirty days of the first transaction of the group.

### **MANAGEMENT RESPONSE**

The BMS Girls' Volleyball Booster Club and the Bernheim PTSA did provide a budget; however, the budgets were not appropriately documented on the annual External Support/Booster Organization Budget Worksheets (F-SA-4B) as required by Redbook. Moving forward, the budgets will be documented on the appropriate form.

## **BULLITT LICK MIDDLE SCHOOL**

### **FUNDRAISERS**

We noted during review of fundraisers that the Tri-Fold Boards fundraiser did not have an applicable Sales Collection Form (F-SA-17) to support the receipts. Instead, Multiple Receipt Forms (F-SA-6) were used to support the receipts. Redbook requires fundraisers that deal with the sale of purchased merchandise to have an applicable Sales Collection Form (F-SA-17) to support receipts for the fundraiser.

### **MANAGEMENT RESPONSE**

Sales Collection Form will be used with all fundraisers that use the sale of purchased merchandise. The form will be signed by the sponsor and bookkeeper.

## **HEBRON MIDDLE SCHOOL**

### **EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS**

Upon review of the external support/booster organizations, we noted that there was not an Annual Financial Report (F-SA-15A) or an annual External Support/Booster Organizations Budget Worksheet (F-SA-4B) on file for the Music Booster Club for the 2016-2017 fiscal year. Redbook requires that each external support/booster organization submit an annual financial report for the fiscal year ending June 30 to the principal by July 15<sup>th</sup> and that an annual External Support/Booster Organizations Budget Worksheet be submitted to the principal within the first thirty days of the school year or within thirty days of the first transactions of the group.

### **MANAGEMENT RESPONSE**

The Music Booster club has been made aware of the audit findings and now understand the Redbook requirements. The appropriate forms have been shared with the Booster Treasurer.

### **EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS**

We noted that the Federal Employer Identification Number (FEIN) was not on file for the Music Booster Club. Redbook requires that each external support/booster organization submit the FEIN to the principal at the beginning of the school year or within thirty days of the first transaction of the organization.

### **MANAGEMENT RESPONSE**

After reviewing, the Music Booster Club file, the FEIN should have been included. The school does have the appropriate FEIN for the Music Booster Club. It will be included in the future files.

### **DONATION ACCEPTANCE FORM**

Upon review of deposits, we noted that the deposit made on 03/23/2017, in the amount of \$757.55 included the receipt of a \$304.55 donation from the PTSA that was deposited into the Field Trip Fund. However, there was not a Donation Acceptance Form (F-SA-18) on file to state the purpose of and any restrictions on the funds received. Therefore, we were unable to determine if the funds were properly deposited.

### **MANAGEMENT RESPONSE**

When receiving donations from the PTSA, a Donation Acceptance form will be completed.

## **ZONETON MIDDLE SCHOOL**

### **EXTERNAL SUPPORT/BOOSTER ORGANIZATIONS**

We noted that the Federal Employer Identification Number that was on file for the Zoneton Booster Club was not a Federal Employer Identification Number. FEIN's are nine-digit unique numbers that are assigned by the Internal Revenue Service (IRS). The number on file for the Zoneton Booster Club was an eight-digit number and letter combination.

### **MANAGEMENT RESPONSE**

The school was not aware the number provided from the Boosters was not a valid FEIN. A request was sent to the Boosters to obtain the proper documentation from the IRS.

## **BULLITT CENTRAL HIGH SCHOOL**

### **FUNDRAISERS**

We noted during review of the Penny War fundraiser that the collections were documented on a Multiple Receipt Form (F-SA-6). Redbook requires Penny War fundraiser collections to be documented with a Sales Collection Form (F-SA-17).

### **MANAGEMENT RESPONSE**

School treasurer will correct the current year finding and document the Penny Wars Fundraiser on the correct Sales Collection Form (F-SA-17). Moving forward, the principal and school treasurer will review each fundraiser to ensure the correct form is being utilized—Multiple Receipt Form or Sales Collection Form.

## **NORTH BULLITT HIGH SCHOOL**

### **INVENTORY CONTROL**

We noted during review of Inventory Control that the JROTC dog tags fundraiser had an applicable Inventory Control Worksheet (F-SA-5), but it was filled out as a summary for the three-month period. Redbook requires F-SA-5 to be completed on a monthly basis until the end of the fiscal year or until there is no ending inventory.

### **MANAGEMENT RESPONSE**

The Inventory Control Worksheet (Form F-SA-5) for the JROTC dog tags fundraiser was completed as a summary for a three month period rather than monthly as required by Redbook. This was an oversight on the bookkeeper's part. The bookkeeper has since put into place a month end checklist to include inventory control as part of the month close for the school. This will now be completed monthly with the assistance of the bookkeeper and the club sponsors.